British Academy
REVIEW

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a purpose
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British Academy Review

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Academy news

Wolfson Foundation awards British Academy £10 million to boost the humanities and social sciences

The British Academy and the Wolfson Foundation have announced a major initiative to promote and support high quality research in the humanities and social sciences across the UK.

Backed by a £10m grant from the Wolfson Foundation, the initiative will see the Academy deliver a transformative programme to support early career researchers, develop an international community of scholars and create an intellectual hub at the Academy's home on Carlton House Terrace in London.

British Academy teams up with the Royal Society to launch new report on future of AI and work

The British Academy and Royal Society has published an evidence review on the impact of artificial intelligence (AI) on the future of work. The review finds that eye-catching figures about job losses may give a misleading impression that AI spells the end of work, while acknowledging that the transition to an automated workplace will not be painless for all.

Border by Kapka Kassabova wins Nayef Al-Rodhan Prize for Global Cultural Understanding 2018

In October, the Academy announced Kapka Kassabova as the winner of the sixth Nayef Al-Rodhan Prize for Global Cultural Understanding 2018, for her book *Border: A Journey to the Edge of Europe.*

Published by Granta Books, Border sees Scotland-based author and poet Kassabova return to the land of her childhood – the border zone between Bulgaria, Turkey and Greece – intricately weaving the individual stories of the people she meets there into the wider history of the region.

British Academy disquiet over Hungarian government interventions in academia

The British Academy has expressed concerns over the recent actions of the Hungarian government, criticising its attempts to curb academic freedom, including its decision to withdraw public funding for gender studies and to put the newly-formed Ministry for Innovation and Technology in charge of decisions over which research topics may be funded by the Hungarian Academy of Sciences (Hungary's national academy).

President of the British Academy, Professor Sir David Cannadine, said: 'The current situation is highly disturbing. We support the calls for concerted discussion and open consultation with all interested parties within Hungary with a view to maintaining the independence and research integrity of the Hungarian Academy of Sciences.'

Business backs British Academy study on a corporate overhaul for the 21st century

The Academy released a ground-breaking report on the future of the corporation.

Backed by a statement of support from leading figures in business and academia, the report, *Reforming Business for the 21st Century: A Framework for the Future of the Corporation*, identifies the need for a radical re-think of how business will meet 21st century environmental, social and economic demands, as well as the challenges of technological advances and globalisation.

The report was launched on 1 November 2018, with an introduction by the Rt Hon. Greg Clark, Secretary of State for Business, Energy and Industrial Strategy.

Record number of academics elected to Fellowship

A record 76 academics were elected to the Fellowship in July 2018 – the largest cohort of new Fellows in the Academy's 116-year history.

The expertise of this year's Fellows ranges from the social and ethical dimensions of disability (Professor Tom Shakespeare), to the Partition of India (Professor Joya Chatterji), and monetary policy (Professor Silvana Tenreyro).

Fifty-two Fellows were elected from UK universities, with a further 20 – Corresponding Fellows – elected from universities in the US, Australia, the Netherlands, Germany, Hungary, Italy and France.

Editorial: Averting corporate crises

Colin Mayer issues a call for reform

Colin Mayer is Peter Moores Professor of Management Studies, Saïd Business School, University of Oxford. He was elected a Fellow of the British Academy in 2013. He is Director of the British Academy's 'Future of the Corporation' programme.

Trust

Every year for the past 35 years, Ipsos MORI, the market research company, has undertaken a survey of which professions in Britain people trust. They ask 1000 people whether they trust people in different professions to tell the truth.

Near the bottom come business leaders, just above estate agents, professional footballers, journalists and politicians, and below trade union leaders and 'the man in the street'. This is not predominantly a bankers' phenomenon; in fact business leaders come below bankers. Nor is it just a post financial crisis phenomenon, since every year from the start of the survey in 1983, business leaders have come near the bottom. Mistrust in business is pervasive, persistent and profound. Why?

The consensus

The answer is the conventional view of business, as expounded in 1962 by Milton Friedman in what has come to be known as the Friedman Doctrine – 'there is one and only one social responsibility of business … to increase its profits so long as it stays within the rules of the game.'

It is reflected in corporate law around the world. For example in the UK, the 2006 Companies Act states that 'a director must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.'

Such has been influence of this doctrine that it forms the basis of a near global consensus on corporate policy: law defines fiduciary responsibilities of directors as promoting the success of the company for the benefit of its shareholders; corporate governance aligns interests of management with shareholders; regulation and laws protect creditors, customers, employees, the environment, shareholders and society; competition law promotes a competitive environment and prevents competitive abuses; companies maximise shareholder value while conforming to the legal, regulatory and competitive rules of the game.

The Friedman Doctrine is the basis of virtually all business education, which starts from the premise that the purpose of business is to maximise shareholder value, and everything – accounting, finance, marketing, operations management, organisational behaviour, and strategy – follows from that.

History

But it is only over the last 60 years of the corporation's 2,000-year history that the idea that the only purpose of business is to produce profits has emerged. As shareholdings became increasingly dispersed during the first half of the 20th century, ownership and control became separated, resulting in a lack of accountability of management. The response to this took the form of the market seizing corporate control, first through takeovers and then through hedge fund activism.

This was a mistake. And, as Henrietta Moore describes in this issue (page 23), it is the source of growing disaffection with business, its environmental, social and political problems, and the erosion of trust in it. Those problems will be intensified in the future by technological advances that risk exacerbating social detriments as well promoting benefits of corporations, and lengthening the regulatory lag between innovations and policy responses.

Foremost amongst these advances is Artificial Intelligence (AI) – and articles in this issue describe the fundamental changes that AI is bringing about, and the profound consequences of them (pages 26–35).

Business took a wrong turn during the 1960s, and we have now reached a defining moment when the consequences of that have become unsustainable – environmentally, socially and politically. We need to redefine business for the 21st century as a matter of urgency. This requires a new framework that combines and connects defined corporate purposes, a commitment to trustworthiness, and corporate values and culture that are both enabling and conducive. The British Academy programme on the 'Future of the Corporation' provides exactly that new framework.

Carillion – a case in point

The case for reform is graphically illustrated by the collapse of Carillion plc, the British multinational facilities management and construction services company, on 15 January 2018. The UK Parliamentary cross-party enquiry into the collapse of Carillion plc describes how:[1]

> In the company's final years, directors rewarded themselves and other shareholders by choosing to pay out more in dividends than the company generated in cash, despite increased borrowing, low levels of investment and a growing pension deficit. (page 19)

In essence, Carillion raised debt and borrowed against its pension scheme in order to pay dividends to its directors and shareholders.

With limited liability, shareholders benefit from a company borrowing £1 to pay £1 of dividends, while leaving the costs of the ensuing bankruptcy to be borne by its lenders and pensioners, along with its customers, employees and taxpayers. As a consequence, as the enquiry noted, Carillion is not just a case of one bad apple:

> The individuals who failed in their responsibilities, in running Carillion and in challenging, advising or regulating it, were often acting entirely in line with their personal incentives. Carillion could happen again, and soon. (page 86)

Furthermore, the enquiry states that, while the directors of the company were the main culprits, Carillion reveals a much

The collapse of Carillion plc in January 2018 provoked widespread public anger, as evidenced by this defaced sign outside Carillion's Royal Liverpool Hospital site. *Photo: Christopher Furlong / Getty Images.*

more extensive problem:

> The collapse of Carillion has tested the adequacy of the system of checks and balances on corporate conduct. It has clearly exposed serious flaws, some well-known, some new. In tracing these, key themes emerge. We have no confidence in our regulators. The Financial Reporting Council and The Pension Regulator share a passive, reactive mindset and are too timid to make effective use of the powers they have... The economic system is predicated on strong investor engagement, yet the mechanisms and incentives to support engagement are weak and possibly weakening... The audit profession is in danger of suffering a crisis in confidence...

Carillion is not simply a case of greedy executives, incompetent regulators, ineffective government, and conflicted auditors overseeing the collapse of a major corporation. It is one of a system with fundamental defects in the incentive arrangements that drive corporate activity. Shareholders are not the hapless bystanders, but the passive recipients of the largesse delivered by an ownerless economy. Strengthening governance around a system predicated on profits as the sole purpose of business risks exacerbating, not alleviating, the problem. This focuses attention where it needs to be – on why companies exist, what they are there to do, what is their purpose, and who they are there to service.

A new framework for business

As David Rodin makes clear in this issue (page 8), the purpose of business is not to produce profits. The purpose of business is to produce profitable solutions to the problems of people and planet and not profit from producing problems for people and planet. In the process it produces profits. But profits are not *per se* the purpose of business.

The corporation commits to a common purpose, and it commits to those who contribute to the common purpose, thereby creating relations of trust that produce reciprocal benefits for the parties to the firm as well as the firm itself. Putting profits first is neither a law of nature nor a

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1   House of Commons Business, Energy and Industrial Strategy and Work and Pensions Committees, *Carillion*, HC 769 (9 May 2018).
See also Colin Mayer, 'Carillion: one bad apple?', British Academy Blog (20 June 2018).

product of history. Instead, purpose comes first, and the rest, including profits, follow.

The achievement of corporate purpose requires an alignment of the ownership, governance, measurement and management of the firm in the context of appropriate law and regulation. As John Armour (page 19) and Daniela Weber-Ray (page 14) discuss in this issue, law and regulation between them have the power to bring this about. This reflects the fact that the corporation is a creation of the law, and it is the law from which its identity is derived.

Corporations need to define their purposes, and to align their ownership and governance with a commitment to achieving them. They should have owners who support the corporations' purposes, and boards of directors that ensure that purposes are reflected in the cultures, values, strategies, performance measurements and incentives of their organisations.

Corporate laws should enable companies to adopt ownership and governance arrangements that are suited to their purposes. They should encourage diversity of forms of ownership – families, foundations, employees, mutuals, co-operatives, states, sovereign funds as well as institutional investors – to meet the diverse needs of corporate purposes. They should empower different parties to the firm – employees, investors, customers and communities – to exercise governance and hold management to account for delivery of their purposes.

Peter Buckley (page 12) discusses how regulation, together with the adoption of national and international norms such as the Sustainable Development Goals, can align corporate with social and public purposes. This is particularly important in companies that perform public functions, such as utilities, banks and companies with significant market power. It requires companies to take account of human, natural and social as well as other forms of capital, and to incorporate these as appropriate in their measures of performance. It requires companies to refrain from certain purposes and activities that are contrary to the common good, and to restore detriments where harm has been done.

One illustration of this is in relation to corporate taxes. The effective rate of corporation tax paid by the world's ten largest companies by market capitalisation has declined by 9 per cent since the financial crisis.[2] Mihir Desai (page 20) considers three approaches to dealing with this, but notes that all of them have their deficiencies as well as advantages. Corporations need to recognise their dependence on the societies in which they operate, and their corresponding need to incorporate the payment of fair share of taxes in the corporate purposes as part of their licences to operate.

Putting purpose at the epicentre of the corporate system is as significant a revolution for economies and societies as the Copernican one was for our understanding of our planetary system. Using law and regulation to facilitate the centrality of purpose provides the transformational realignment of the planetary system of shareholders and stakeholders that is required to achieve a new corporate revolution.

The purpose of business is not to produce profits. The purpose of business is to produce profitable solutions to the problems of people and planet

2   'Multinationals pay lower taxes than a decade ago', *Financial Times* (11 March 2018).

How can we change the nature of the corporation?

Colin Mayer and Henry Richards outline five levers for government and business to bring about such a major shift

Colin Mayer is Peter Moores Professor of Management Studies, Saïd Business School, University of Oxford. He was elected a Fellow of the British Academy in 2013. He is Director of the British Academy's 'Future of the Corporation' programme.

Henry Richards is Interim Project Manager (Future of the Corporation).

The Future of the Corporation programme has now set out its findings from the first phase of research.[1] We call for a fundamental shift away from the idea that the sole purpose of business is to increase profit. In its place, we argue for a new framework of defined corporate purposes, commitment to trustworthiness, and enabling cultures. There is considerable academic and business support for this, but the question we address here is how to achieve it.

Corporate and economic systems are complex, interconnected and global. Nation states do not have the influence they once had over their economies. Corporations driven by fiduciary duties to increase profits are adept at finding the most accommodating environments in which to operate, and new technologies are assisting them in doing this by reducing costs of mobility. As a consequence, piecemeal reform will not work – a multi-pronged approach is needed that addresses the failings of the existing system in a co-ordinated, comprehensive fashion. We outline five levers of change below: ownership, corporate governance, regulation, taxation, and investment.

Ownership

Conventionally, ownership of corporations is equated with shareholdings. But they are not the same, and most shareholders would not regard themselves as owners in any meaningful sense of the word. Instead, ownership is more helpfully considered in the context of corporate purpose.

There are many forms of ownership that are associated with this, including individual, family, institutional, employee, co-operative, mutual and public ownership, depending on the nature of corporate purposes. This points to the importance of having diversity of ownership, and the responsibilities as well as rights that go with it.

Reforms to ownership involve changes to corporate law, enabling and encouraging diversity. But equally important are reforms to the practices of investors,

1   Research papers are published in *Reforming Business for the 21st Century: Findings from the first phase of the British Academy's 'Future of the Corporation' research Programme*, edited by Colin Mayer, *Journal of the British Academy,* 6:s1 (2018).

business owners and managers, accepting corporate purposes beyond profits. Unilever provides an illustration of the impediments to this. In 2018 it sought to secure the company's long-term future by restructuring and relocating its headquarters in the Netherlands. However, financial institutions blocked the move on the grounds of its implications for the inclusion of the company in the FTSE index and its enhanced protection against being taken over.

Corporate governance

A second critical corporate reform is its governance. Corporate governance is primarily linked both in law and practice to the alignment of managerial interests with those of shareholders. This is a mistake. Corporate governance is the means by which corporate purposes, and their associated values and cultures, are embedded in organisations.

The particular form that corporate governance takes is specific to the nature of the firm's corporate purposes and the particular requirements to deliver them. The issue is very much alive among regulators and politicians. Daniela Weber-Rey (page 14) highlights svome of the changes taking place in corporate governance rules in France and Germany. The UK has seen significant recent changes to its Corporate Governance Code, and there have also been proposals from the Labour opposition party to reintroduce public ownership and reform employee ownership. In the United States, Senator Elizabeth Warren has proposed an 'Accountable Capitalism Act' that seeks to ensure corporations are accountable to all stakeholders, not just their shareholders.

Regulation

Regulation is the conventional panacea to the problems of business. However as technological advances increasingly outpace regulatory reform, the limitations of regulation become ever more evident. Instead regulation should seek to align corporate with public purposes in those organisations and circumstances where it is most relevant to the social function performed by corporations. This can be achieved through, for example, incorporating public purposes in the charters and articles of association of private corporations.

John Armour (page 19) proposes 'forward compliance' as a new approach that aims to overcome the lag between corporate innovations and regulatory responses. Peter Buckley (page 12) considers the wider set of rules that influences business, and highlights the need for business to respond to national and international moral frameworks – such as codes of conduct, and the Sustainable Development Goals – as well as regulation.

Taxation

Mihir Desai and Dhammika Dharmapala (page 20) address issues to do with corporation tax. Globalisation is intensifying the inability of nation states to use corporate taxation as a source of public revenue. Their article outlines three alternative types of reform to the global corporate tax system.

Examples of the defects of corporation tax appear regularly. In October 2018, Facebook reported a four-fold increase in revenues in the UK but only a small increase in its UK corporation tax. But it also illustrates the potential, as noted by Peter Buckley (page 13), for moral frameworks and public pressures to influence business practices, as the company agreed to end its practice of lowering corporate tax liabilities by routing sales through Ireland.

Investment

Our final lever is investment. The provision of large-scale, long-term investments often necessitates the involvement of government as well as the private sector. This gives government significant potential leverage over corporations. However this has not been effectively deployed to date and the performance of privatisations and partnerships between the public and private sector in their delivery has been disappointing.

It is in precisely these areas where corporations are performing significant public and social functions that corporate purposes should be aligned with public purposes through incorporating licences to operate in the charters and articles of association of companies. The case of Carillion, described by Colin Mayer on (page 4), provides a clear illustration of what happens when governments fail to do this and private purposes of companies are at odds with the public interests of governments and regulators.

The Future of the Corporation programme has started a debate on the nature of business in the 21st century. The first phase research findings have highlighted the need for a fundamental shift in the framework underpinning business practice and public policy towards business. The shift will need to be multi-dimensional and systemic, involving the five levers discussed here, and others. The British Academy will continue to support rigorous and objective research and analysis to underpin the programme, publishing new findings as they emerge, and engaging business and policy-makers in reimagining the future collectively and purposefully.

Further reading

thebritishacademy.ac.uk/
publications/reforming-business-
21st-century-framework-future-
corporation
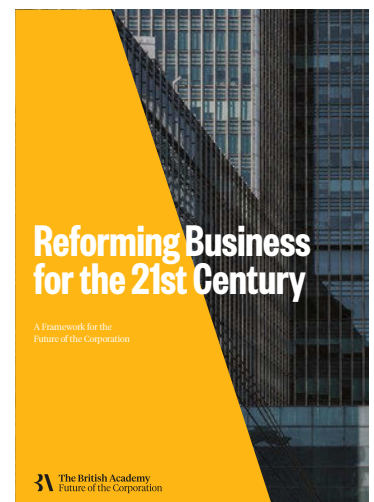
Make purpose operational

David Rodin discusses why the setting of a 'purpose' for a corporation is so important

Dr David Rodin is Co-Director and Senior Research Fellow, Oxford Institute for Ethics, Law and Armed Conflict.

Many corporations articulate a purpose, and they do so for a variety of reasons. For many it is seen as a route to improve employee engagement and hence productivity. For others, purpose is an important part of their brand, or is part of the way they navigate relations with regulators. In our own advisory work with corporations, we have found a strong correlation between employee perceptions of purpose and lower levels of misconduct.

Within the Future of the Corporation programme, we have approached purpose in a different and altogether more foundational way. As Colin Mayer puts it, we have sought 'a radical reinterpretation of the nature of the corporation that focuses on corporate purpose, its alignment with social purpose, the trustworthiness of companies and the role of corporate culture in promoting purpose and trust.'[1] Rather than view purpose as a construct which corporations might use to further existing objectives (in the way they currently use concepts of strategy for example), we view purpose as the process of articulating the ultimate objectives of corporations. With this in mind, we have sought to understand purpose as a lens through which to answer basic questions about how corporations should be structured, owned, regulated, and managed. In order to play this role fully and effectively, our understanding of purpose will require clarification and development in many important respects.

The purpose of a thing is what it is for: the reason for its existence. As a social creation of human beings, corporations must have a purpose. But what should that purpose be? Can purpose usefully guide the decisions of employees, managers, and policy-makers? And if so, how?

In our research for the Future of the Corporation, led by Marco Meyer and Jens van 't Klooster, we seek to make progress with these questions by distinguishing between two subtly different understandings of purpose, relevant to the external perspective of societies, and the internal perspective of company's management.[2] We define *social purpose* as the net contribution that corporations make to the production of societal goods. We define *corporate purpose* as the objectives that are actively pursued by the corporation's management for the production of societal goods.

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1   Colin Mayer, 'The Future of the Corporation: Towards humane business', *Journal of the British Academy,* 6:s1 (2018).

Though it may be denied by certain libertarians, it seems plausible that corporations ought to have a social purpose. Unlike human persons, corporate persons have no intrinsic moral status or value. Moreover, corporations inevitably produce harms in the course of their operations. If they produce no sufficiently countervailing goods, then what reason do we have to tolerate their existence?

If it is true that corporations ought to serve a social purpose, then this creates scope for purpose to play multiple roles in the governance of corporate activity. We identify three domains in which this is the case.

First, purpose can be used as a guide to corporate strategy, regulation, and policy. We call this the constructive role of purpose.

Second, purpose can be used to manage the relationship between corporations and society, as well as within corporations, and to determine the proper scope of legitimacy over corporate form and decisions. We call this the communicative role of purpose.

Finally, purpose may be used as the basis for measurement of corporate activities in order to hold them to account for the societal goods and harms they produce. We call this the critical role.

Because corporations play an essential role in the delivery of public goods throughout the world, these three aspects of purpose create indispensable domains of engagement by governments, policy-makers, regulators, NGOs, and educators.

However, the question of purpose is most urgent for the managers of corporations. There is a controversial question as to whether managers should actively pursue a corporate purpose, and if so how. According to a prominent strand of classical economics, stridently interpreted by Milton Friedman, the social purpose of corporations is the efficient allocation of resources which is best achieved by managers acting to maximise profits, rather than directly pursuing a corporate purpose. In his memorable words 'There is one and only one social responsibility of business – to ... increase its profits'.[3]

This minimalist view of corporate purpose long held sway in corporate and policy circles, but it is now increasingly discredited. Part of the reason is that it is clear that market failures in many sectors create opportunities to increase profits through rentier activities which do not enhance the efficient allocation of resources and undermine rather than support social purpose. Moreover, the efficient allocation of resources is not the only or even the overriding societal objective of corporations. Other objectives include economic dynamism that creates growth and the fair distributions of resources. So even if corporations were to act always as though they were operating in a perfectly efficient market, as authors such as Joseph Heath suggest, this would not necessarily fulfil the requirements that societal purpose imposes of corporations.[4]

Furthermore, it is unclear whether it is even possible for managers to abstain from pursuing a positive conception of corporate purpose. While it is tempting to see the maximisation of profits as an implicit objective of corporate activity that requires managers to adopt no positive conception of corporate purpose, this is in fact false. When a corporation creates a potential surplus through efficient operations, it can direct this to the production of various kinds of societal good. It may return the surplus to owners and shareholders as distributed profits. Alternatively, it may benefit customers through increased quality or lower prices. It may improve pay and conditions for employees. It may reduce environmental impacts, hence improving the life quality of affected persons. It may invest surpluses in R&D which may benefit generations far in the future. The pursuit and distribution of profits to owners is not a natural or inevitable consequence of the corporate form, but is rather one substantive corporate purpose objective amongst others. It must be assessed and justified on comparable grounds.

Corporations inevitably produce harms in the course of their operations. If they produce no sufficiently countervailing goods, then what reason do we have to tolerate their existence?

2   Nien-he Hsieh, Marco Meyer, David Rodin and Jens van 't Klooster, 'The social purpose of corporations' (pending).
3   M. Friedman, 'The Social Responsibility of Business Is to Increase Its Profits' (13 September 1970)
4   J. Heath, 'A Market Failures Approach to Business Ethics', in *The Invisible Hand and the Common Good* (Springer, 2004), pp. 69–89..

Reforming business for the 21st century

The scope for managers to define and pursue a corporate purpose is obviously framed and constrained by regulators who permit or mandate some forms of corporate purpose and not others. But regulation can never supplant managerial responsibility for corporate purpose. For one thing, management retains considerable discretion to pursue differing corporate purposes within many regulatory environments.

Second, even when regulation requires corporations to serve the interests of shareholders narrowly, it must be recognised that shareholders have moral interests and moral obligations connected with their ownership rights. These exist alongside and inform their commercial interests. Shareholders, and their agents, are increasingly vocal on the corporate purpose they expect the managers of their assets to pursue.[5]

Third, managers have never been simple passive rule takers. Corporations often have a voice in the shaping regulation, and have numerous means to affect the way these are implemented. These processes of influence have often been abused to the detriment of social purpose, but they undoubtedly have the potential to enhance social purpose if undertaken responsibly.

Finally, corporations sometimes operate in weak or captured regulatory environments that diminish or destroy social goods. In such environments, managers may have the moral liberty, or even obligation, to push back strongly against existing regulation in order to achieve a proper corporate purpose.

There are also strong objections to giving managers a role in setting corporate purpose. Most managers lack the skills and experience to deliberate on complex normative questions of this nature. Because metrics of corporate purpose will always be fuzzier than pure financial metrics, there is a risk that managers will escape proper oversight and accountability. They may even use the concept of corporate purpose to enrich themselves or pursue idiosyncratic projects. There are also fundamental questions of managerial legitimacy. As the power and reach of corporations grow, many of the social impacts they create are deeply politically contested. Who gives managers (overwhelmingly members of the technocratic elite) the right to use the massive resources

Photo: Alamy

of the corporation to pursue complex social objectives?

The requirement for managers to deliberate on, articulate, execute, and monitor a conception of corporate purpose is fraught with danger, but for the reasons given above, it seems inescapable. Much more needs to be done to create effective decision-making frameworks on corporate purpose, to build deliberative skills and capacities at both an individual and institutional level, and to create metrics for measurement and accountability. All this will need to be done with the oversight and support of government, regulators and the third sector.

There is, however, no substitute for responsible, capable and credible corporate

leadership. There are a number of considerations that corporate leaders usefully deploy when they engage with corporate purpose.

First, they must recognise that corporate purpose is most centrally concerned, not with philanthropy, sponsorship or other charitable activates, but with the core operations and activities of the company.

Second, the social goods aimed at in a conception of social or corporate purpose must be ultimately cashed out in terms of the production of goods of intrinsic value. Intrinsic goods include autonomy, security, health, beauty, happiness, equity and justice. It is helpful for managers to map the ways in which their corporations

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5   See Larry Fink's annual letter to CEOs, 'A sense of purpose' (Blackrock). www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter

produce intrinsic goods by interrogating questions such as: what problems are we solving?; what basic needs are we meeting?; what excellences are we demonstrating? These questions should always be reflected in a dynamic context, focusing not only on the organisation's current capabilities, products and services, but also involve scenario planning of how those capabilities, products and services might be developed in the future.

Third, corporate purpose necessarily involves an honest assessment of social harms as well as goods. What problems are we creating? What basic needs are we frustrating? What excellences are we diminishing? What is more, goods and harms are asymmetric in the reasons for action that they provide. Corporations have considerable discretion as to which intrinsic goods they choose to engage and create: not every company needs to be in the business of enhancing health, for example. But the production of harm provides an equal reason to all: the fact that an activity harms the health of others will provide a negative reason for all corporate actors.

Finally, measurement and accountability remain huge issues for corporate purpose when used in a constructive role for guiding management activities. The dream of reducing all societal costs and benefits to a small number of comparable and quantifiable accounting-like metrics, as Triple Bottom Line accounting has hoped to do, may be in vain.[6] In part this is because intrinsic goods like health, autonomy and justice are incommensurable and also non-fungible. But this does not mean that management cannot find meaningful, clear and impactful measures to form the basis for effective reporting and accountability on corporate purpose.

The purpose agenda is powerful because it focuses on the most basic reasons why corporations exist, and the ways they can further or frustrate fundamental social ends. The notion of purpose has the opportunity to play a significant role in making the future corporation truly fit for purpose. To do that it must become clearer, more robust, and more operational.

6   Wayne Norman and Chris MacDonald, 'Getting to the Bottom of "Triple Bottom Line"', *Business Ethics Quarterly*, 14:2 (2004), 243–262.

Can corporations contribute directly to public goals?

Peter J. Buckley reveals the web of influences on business to 'do good'

Peter J. Buckley is Professor of International Business at the University of Leeds. He was elected a Fellow of the British Academy in 2014.

Corporate social responsibility

Corporate social responsibility (CSR) is a concept that attempts to bring a broader ethical understanding to the topic of business organisation. CSR refers to the idea that business people should consider the social consequences of economic actions when making decisions: that there should be a bias towards decisions that have both good economic and social outcomes. The value of CSR has, nevertheless, been questioned.

A theme in explanations of CSR is that it consists of the design of new business practices that respond to civil society expectations of what good corporate citizenship should be. Therefore, CSR removes the need to set the responsibilities of corporations in legal terms. And if this were to be an effective mechanism, then there would be no need for regulation.

It is perfectly possible for CSR to have an extensive and major effect in one particular area of society, for example, a contribution to education, or a contribution to health. This is the 'weak' mission to 'Do Good'.

This may well not be the core business of the corporation, and that can result in a number of problems. There is no standard as to what can be defined as 'Corporate Responsibility', so managers with CSR responsibilities are simply able to select for support the social causes that they prefer. Also, in general CSR managers are poorly endowed with financial and human resources, and during commercially challenging times CSR budgets may be the first to be cut.

On the plus side, it should be acknowledged that there are examples of firms going beyond CSR, by building social values directly into the operations of the corporation. For example, Nestlé's Moga Milk District in India uses the supply chain to generate local social benefits and stimulate development.

A final consideration is that, while CSR initiatives may improve welfare in one respect, the determination of the benefit to the corporation is the guiding feature, so they may damage welfare in a different respect. For example, CO_2 emissions are made worse by higher ethical standards in meat production, but only the ethical achievement is publicised. Similarly, Walmart's environmental initiatives to reduce waste and improve energy efficiency in Chinese factories resulted in a reduction in workplace health and safety. Confectionery manufacturers publicise their CSR initiatives, but tenaciously defend their marketing of high sugar products that are not consistent with promoting consumer health. It would be far better to introduce CSR in their core business, but no manufacturer will do it until they all do it.

This is where regulation comes in.

Regulation

Government regulation solves two interrelated problems for a regulated firm. It solves the governance problem, in the sense that profit-making enterprises do not then have to justify why they are diverting substantial resources to non-productive aims. It solves the problem of competitive dynamics, meaning that firms will not hesitate to make the necessary investments because they are assured that other firms in the industry will face similar investments and time frames. Proactive and forward-looking firms might still enjoy a lower cost of compliance than lagging firms, but regulation helps to 'level the playing field'.

Effective regulation depends on good quality, time-sensitive information being available to regulators. Therefore the control of 'private' information by companies is an increasing difficulty, and firms could equally contribute to the common good by making available the information that is necessary for effective regulation. In such cases, the relationship between firms and regulators has already shifted from command-and-control to some type of negotiated regulation.

New challenges are also emerging. The interconnectedness and complexity of markets and emerging new technologies mean that even more private information is needed by regulators. This is particularly the case in the new areas of the digital economy related to how firms collect, process and disseminate information and how they influence consumers and citizens.

Moral frameworks

The United Nations Sustainable Development Goals (SDGs) are a framework intended to guide policy, the actions of firms and indeed of civic society. In September 2015, the UN adopted the set of 17 goals to end poverty, protect the planet, and ensure prosperity for all, as part of a new global sustainable development agenda. Each of the goals has specific targets to be achieved over the next 15 years – the '2030 Agenda'.[1]

It can be argued that multilateral frameworks have little effect on policy or outcomes. However, there is substantial and increasing evidence that multinational enterprises (MNEs) do take account of such moral frameworks, and are increasingly constrained to do so by their stakeholders. A 2017 KPMG survey showed that the SDGs resonated strongly with businesses worldwide less than two years after their launch. Around four in ten Corporate Responsibility reports studied[2] made a connection between the company's Corporate Responsibility activities and the SDGs.

The moral framework of policy at both international and national levels provides a set of constraints and incentives to corporate behaviour that cannot be ignored. The complex web of hard, legally binding and 'soft' law overarches international business conduct, and transcends the 'governance triangle'. These 'moral' effects on inward and outward foreign direct investment (FDI) are concrete, and operate through markets, governments and civil society.

There is a great deal of overlap (e.g. on 'sustainability') between 'private' guidelines – such as the Guidelines of the International Chamber of Commerce – and voluntary intergovernmental codes – such as the International Labour Organization's MNE Declaration, the UN Guiding Principles, and the OECD MNE guidelines – suggesting that there is a strong convergence. The focus of recent codes is to bring investment rule-making into the multilateral trading system and to facilitate (increasing) investment, rather than just protecting investment and reducing risk.

Conclusions

There are many sources of rules and signals influencing business. CSR, regulation and moral frameworks are important. But there are others: shareholder activism, (global) standards, ethical consumerism and public and social pressure. Corporations also face price signals and stakeholder pressure from social movements, ownership changes and lobbying. And corporations are not passive receivers of rules and signals – they also make them. Business organisations collectively and individually formulate rules, and send signals to the rest of society.

Rules and signals vary by time and place. Where a corporation is domiciled and where its activities are located are crucial determinants of behaviour. Space between operations influences behaviour, as in cross-border trade and cross-cultural management.

The idea of a web of rules and signals has important implications for governance. Managers of corporations play a crucial role in deciding which elements of governance to prioritise, and government policy is not the sole determinant of these decisions, although it is an important one. The choice to go beyond what governments (including supranational bodies) require is often made by corporations, or sometimes is forced on them by non-governmental pressures (often via CSR and moral frameworks).

It is clear that only some of the rules and signals that influence corporations emanate from governments. Others are from compliance with standards, customer expectations, supplier demands and civil society norms. Corporate social responsibility, government regulation and moral frameworks influence corporations to 'do good'. But none is enough on its own to ensure that corporations contribute to social goals.

> **Corporate social responsibility, government regulation and moral frameworks influence corporations to 'do good'. But none is enough on its own to ensure that corporations contribute to social goals.**

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1 The relationship between business and the UN Sustainable Development Goals is discussed further in this issue by Henrietta L. Moore (pp. 23–25).

2 The study included in its sample the top 100 companies by revenue in each of the 49 countries researched in the study, and the world's 250 largest companies by revenue (based on the Fortune 500 ranking of 2016).

Lost in detail: setting priorities for corporations in challenging times

Daniela Weber-Rey looks at different approaches being pursued in Europe to restore trust in business

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The financial markets crisis: improve business, confine risk

Ten years ago we experienced a severe shock. The financial markets crisis jumbled the banking sector upside down, the subsequent crises turned around sovereign debt, and the Eurozone came under challenge – the consequences will impact an entire generation and may well have contributed to the nationalist movements in a number of countries. In any event, these crises have lead to a deep loss of trust in the banking sector and in business more generally. All political and public authorities, think-tanks, institutions of all type and academia in many fields have spent time thinking about ways to improve our business environment, to confine risks, and to create more responsibility amongst the leaders and senior management in the financial sector and beyond.

Corporate governance: regulation and controls

The starting point was the view that there may have been many causes for the financial markets crisis, but that it would not have developed in such a rampant manner if the corporate governance of finan-cial institutions globally had been better. Corporate governance deals with relationships (amongst the corporate bodies of a company) and structures (setting objectives and monitoring the company's performance). We have been working all over the Western world – in particular in Europe – to improve and strengthen corporate governance rules for 10 years now. We have built controls over controls over controls. Clearly there is now regulatory fatigue. It is questionable whether all these efforts to achieve more quality in company decision-making, accountability and controls have really improved our corporate governance. Have we overdone it, created too much complexity, lost the compass for clear principles on the way? Have we really been able to reduce risk for the companies, the financial sector or our economies as a whole? We have definitely reduced the systemic risk in the financial sector by demanding more capital, better liquidity, less leverage (i.e. use of debt), better risk control and compliance management. But we do not seem to have created a better sense of responsibility. We haven't found a way to hold senior executives to account. We have improved our corporate governance frameworks, but we

haven't got to the core of it, as we haven't been able to restore the trust of our people in business and finance.

Sustainability: long-term profitability and reporting

In the area of corporate social responsibility (CSR) a different effort has been made to create sustainable business models throughout Europe. An EU Directive of 2014,[1] which the 28 EU Member States transposed into their own national legislation by December 2016, provides for much more transparency on four core issues through obligatory reporting by certain large (mainly listed) companies and financial institutions: environmental, social and employee matters, respect for human rights, and anti-corruption and bribery matters.

These are valuable efforts and we shall see what impact they will have. The CSR-reporting will help contain risk and prepare for challenges, and it may contribute to companies better recognising their moral responsibility. But reporting obligations on such CSR aspects have been established irrespective of the business model of a company. They come *post facto*. It does not force the governing bodies of a company to look at their objectives in order to avoid – from the outset, and intrinsically – any particular activity or approach in how it does business, how it deals with its employees, its customers and others, and how it makes the business model in itself sustainable. The concern is that this reporting on CSR aspects will remain a tick-box effort, not really enough to shake up companies and force them to take a new look at the way they do business.

About culture, integrity, values and purpose to (re)build trust

The search is therefore still on for another approach that does not create ever more rules, recommendations and complexity in corporate governance, and that goes beyond mere transparency. It is clear that the regulatory efforts of recent years have not been sufficient to build trust – to change corporate culture effectively such that trust can be rebuilt in society at large. The heavy regulation with an uncertain outcome has lead many countries to take a step back and to look at different issues. Particularly in the regulatory environment of the financial sector there has

been a lot of reference to culture – cultural change as the way to improve governance, culture as a topic to be taken actively care of by management and boards, culture as an indicator of understanding corporate behaviour.

The UK Institute of Business Ethics, just as one example, published in March 2018 an entire Board Briefing on the topic 'Culture Indicators – understanding corporate behaviour' (author Peter Montagnon), which clearly shows that we are not there yet, that means to improve culture (and to supervise improvement) are still in the making, far from reality in many cases. Its Executive Summary also states clearly:

> The starting point is that there can be no effective oversight of corporate culture unless boards have first set and promulgated a statement of values and purpose against which expected behaviour can be defined and measured.

UK: building trust with society as a whole

When the new UK Corporate Governance Code was introduced in July 2018 by the Financial Reporting Council (FRC), its Chairman Sir Win Bischoff said:

> ... the new Code considers economic and social issues ... and with its overarching theme of trust, is paramount in promoting transparency and integrity in business for society as a whole.

Or according to the aforementioned Board Briefing of the Institute of Business Ethics:

> Values also matter because they shape the relationships between the company and society as a whole, from which it derives its licence to operate. [Chapter 2]

Even though the 2004 OECD (first issue of the) 'Principles of Corporate Governance' already referred to business ethics and societal interests, for many years the call seems to have been for clear-cut rules of a more technical nature. Now, however, a fuller picture is sought. The business community, academia and regulators alike are looking beyond the detailed rules and seeking to define the companies' licence to operate as granted by authorities and society. As the Introduction to the new UK Corporate Governance Code words it:

> Companies do not exist in isolation. Successful and sustainable businesses underpin our economy and society by providing employment and creating prosperity.

As a consequence, Principle 1 B states:

> The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.

Integrity, values and culture are presented as underpinning how a company will serve society as a whole.

> # We have improved our corporate governance frameworks, but we haven't been able to restore the trust of our people in business and finance.

1   EU Directive on the disclosure of non-financial and diversity information, 2014/95/EU.
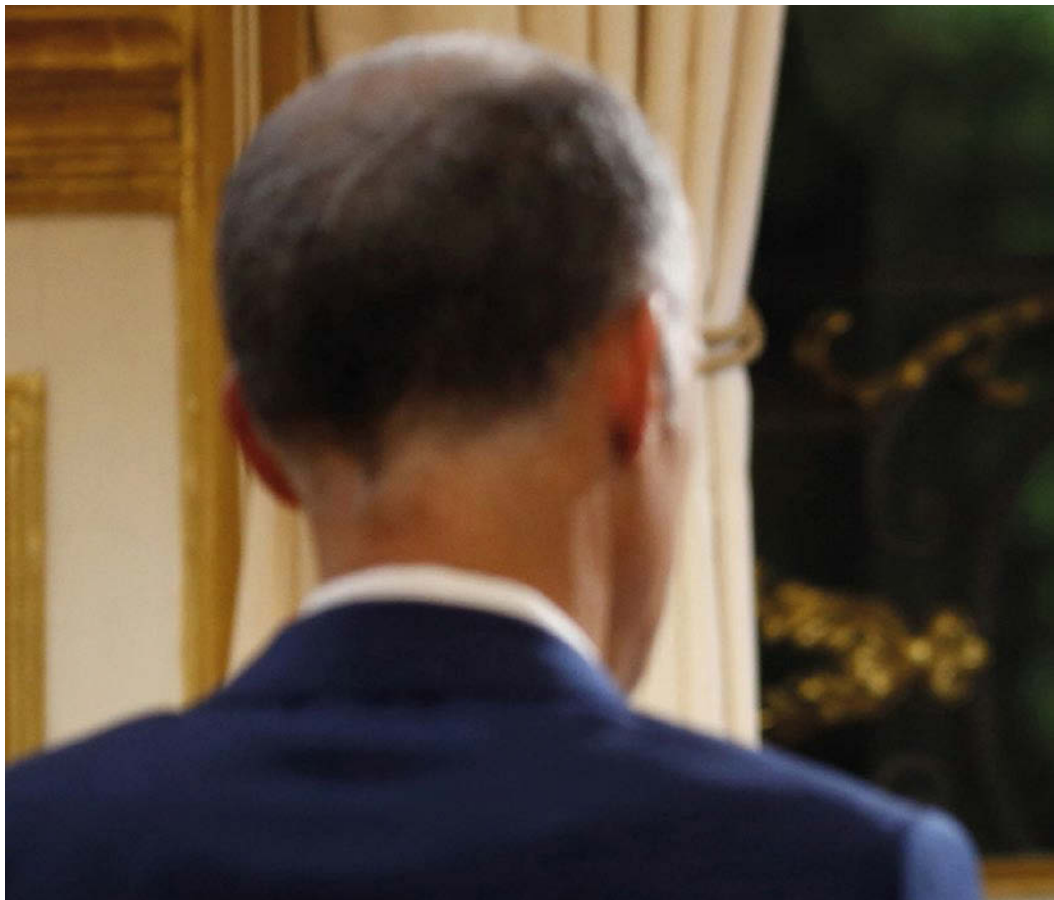
France: purpose and
'la raison d'être'

While the debate about a company's purpose and its role in society was going on in the UK, Emmanuel Macron, the French President, launched a similar public debate. Business associations provided considerable push-back when ideas were first aired about requesting companies to define in the articles their *'raison d'être'*, their right to exist. This approach goes well beyond the purpose of a company. It immediately links purpose with societal aspects and the so-called licence to operate. Whereas the purpose is something aimed for, a goal, the *'raison d'être'* is more far-reaching and suggests that a company would be deprived of its right to exist if not complied with.

It is not surprising that a somewhat softer approach was ultimately chosen in France. First, the French Corporate Governance Code produced and revised by the employers' associations AFEP and MEDEF was changed to incorporate a reference to social and environmental aspects in its June 2018 version, which has now been published. There has long been a general emphasis in a number of recommendations on acting always in the corporate (best) interest. The corporate interest is well defined in French law. The Code now covers more so-called social and environmental aspects, responsibilities and risk controls, to promote long-term value creation by the company. It should be mentioned that an earlier draft of the new Code version (26 February 2018) covered in Recommendation 1.4 not only social and environmental but also societal dimensions which were to be considered for value-creation and corporate purpose. But this aspect was dropped after the consultation phase – French business was not quite ready to take this extra step.

However, for some years there has existed a helpful recommendation in the French Code which brings the French 'corporate purpose' (*'objet social'*) very close to the understanding of purpose as described above. Recommendation 5.2, para 2 reads:

> The Board of Directors must respect the specific competence of the shareholders' meeting if the transaction that it is proposing is such as to modify, in fact or in law, the corporate purpose, which is the very basis of the contract founding the corporation.

And yet, the French president and government clearly took the view that more needed to be done, that a higher purpose needed to be determined to re-establish trust in business.

Therefore, the French Minister of Economy and Finance, Bruno le Maire, presented the draft law – 'PACTE' –, which was adopted by the National Assembly on 9 October 2018, for sign-off by the Senate in 2019. PACTE, the 'Action Plan for Business Growth and Transformation',[2] has a clear aim, which is to create 'liberated companies that are better funded, more innovative and fairer'. Under the heading 'Fairer Companies', the French Government states:

> Companies do more than simply seek to make a profit. The PACTE will modify the Civil Code in order to assert their social and environmental role and provide them with a true *raison d'être*. [Government homepage]

The challenge of 'rethinking the role companies play in society' was amongst the core topics at the start of the debate in France. Placing companies back in the centre of society by way of 'far-reaching reform of the philosophy behind business practices' (President Macron on 15 October 2017) is indeed reaching high. On 11 December 2017 Nicolas Hulot, the (former) French Minister of Ecological and Inclusive Transition, affirmed that he wanted

> to evolve corporate purpose, which can no longer be simply profit-centered, … [but] will ensure that the principles and values of this social and solidarity economy, this pioneering economy, the one that lends a hand, the one that shares, the one that prefers cooperation to competition, now becomes the norm and no longer the exception.

Redefining the corporation and its ultimate purpose is considered by many in France to be the most ambitious and

French President Emmanuel Macron, interviewed at the Élysée Palace on 15 October 2017
Photo: by Philippe Wojazer / AFP / Getty Images

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2   In French: 'Plan d'Action pour la Croissance et la Transformation des Entreprises'.

innovative approach to governance for decades. The notion of the social interest of a corporation, protecting the primary interest of the corporation and society as a whole, leads to many tensions with employers' associations and company representatives. The concern was, in a nutshell, that this approach would create a competitive disadvantage for French companies, make them dependent on environmental activists, lead to multiple disputes, and so on. But a number of CEOs of CAC40 companies (the large listed companies in France) and financial institutions agreed with the approach and called for a change of mindset in pursuit of the general interest (e.g. Antoine Frérot, Veolià; Emmanuel Faber, Danone; Pascal Demurger, MAIF). One of the leading French newspapers, *Le Monde*, headlined 'Better consideration for the general interest could be a major competitive advantage'.

After intense debate, the draft presented and voted on in a first procedural step still has the ambition to anchor the social interest of a corporation in the French Civil and the Commercial Code, and to incite companies to reflect on their '*raison d'être*'. While the 'social interest' is to be hard law, a softer solution is suggested for the '*raison d'être*'. The intention is to change the Civil Code such that companies have the possibility – not the obligation – to incorporate their *raison d'être* into their statute. The expectation is that such an option will entice companies to be more oriented to the long term. Under the heading 'Raison d'être' in the 962-page document detailing the proposals of the PACTE and covering the impact study, a full page (p. 547/8) deals with the '*raison d'être*', as opposed to the '*objet social*' (corporate purpose) on the one hand and the '*interêt social*' (corporate interest) on the other hand. The consequences of non-adherence to the '*raison d'être*' (right to exist) are meant to touch in particular on the relationship between the executives and shareholders. The shareholders should be able to hold management to account and ultimately revoke their appointment. The aim is to raise the visibility of the foundational basis of certain aspects of the company's activities. A violation should correspond to a breach of the statute, which is supposed to give judges the possibility to consider the violation of the *raison d'être* as an element of causality in any claim for damages. This seems to widen considerably the discretion of judges to hold executives to account.

It will be very interesting to see whether this novel attempt to incorporate the idea of a higher purpose, a '*raison d'être*', into French law will succeed – far-reaching even in its boiled-down version. It is an approach that is without detailed regulation, is more inward-looking, and is in the hands of the company and its shareholders (and the judges), thereby possibly reaching deeper to the core of how to rebuild trust.

Germany: corporate purpose and societal responsibility

German Corporate Law knows three concepts.

The *company objective* details what a company is allowed to be active in, as decided by its shareholders ('*Unternehmensgegenstand*'). In case of changes, a formal change of the statutes is necessary.

The *corporate purpose* ('*Gesellschaftszweck*') – which is often confused with its objective, and is not defined in such a formal manner – may be wider than the objective: the objective may serve as the means to reach the purpose. It is usually to gain profit (and special rules apply if no profit is intended), otherwise all but illegal goals can be pursued, including idealistic goals, with special rules applying to regulated industries (e.g. the financial sector).

And the *company interest* ('*Unternehmensinteresse*') provides the behavioural rules for the legal representatives – management and board – and the basis for their responsibility and liability. Germany follows a stakeholder approach, which means that the company interest needs to take into account not only the interests of the company itself and its shareholders but also the interest of other stakeholders, in particular the employees.

The 'company interest' is not defined in law, but the German Corporate Governance Code makes reference to it. The Code is developed and adapted periodically by a Commission instituted by the Ministry of Justice. It highlights the 'company interest' by including reference to it as a core responsibility for the management in Germany's dual board system, the '*Vorstand*'. Since 2009 the Code also contains a definition of the 'company interest', translating the German term with 'the company's best interests' in its preamble (para 4):

> The Code highlights the obligation of the Management and Supervisory Boards to ensure the continued existence of the company and its sustainable value creation in line with the principles of the social market economy (the company's best interests).

This amendment occurred in light of the clear findings after the Lehman collapse in 2007 and the ensuing financial markets crisis that the obligations of top management and board members needed to be strengthened. The two aspects particularly referred to in relation to a company's continued existence and value creation are sustainability and the principles of the (German) social market economy. Many of the discussions now being held in France and the UK were already part of the common thinking in Germany, in particular stakeholder value, sustainability and social aspects. It should be acknowledged, though, that the corporate interest as understood in France ('*interêt social*') with the goal of economic viability and sustainability, serving as a measure also e.g. for responsibility and liability of management, is not so dissimilar to the German understanding.

To strengthen further the aspect of ethical behaviour on top of legality, the concept of '*Ehrbare Kaufmann*' (reputable business person) was introduced into the German Code in 2017. This concept is not well known in Europe and refers to ideals of the Hanseatic business world.

The German Code is undergoing in 2018 a complete restructuring and streamlining, while without any intent to change the recommendations massively. The intention is to modernise the structure, make it more business-like and less legalistic. At the same time, the recommendations on 'independence' of (supervisory) board members and remuneration of executives / (management) board members are being completely overhauled in an effort to take account of recent developments[1] and the perceived necessity to create more transparency and less possibilities to back out. In the current version of the draft, most likely to be presented for public consultation by the end of 2018, the preamble is to be extended to cover also for the first time social, environmental and societal responsibilities of a company:

> The company and its responsible bodies have to take account in their actions of the role of the company in society and to reflect on their societal responsibility. Social and environmental factors influence the company's business success. In the interest of the company, the '*Vorstand*' and the '*Aufsichtsrat*' (management and supervisory boards) ascertain that the potential consequences of these factors on the company strategy and operational decisions are recognised and addressed.[4]

While this is a different approach compared to the French '*raison d'être*', it wishes to achieve the same goal: to create more responsible companies in which society can again place trust.

A common goal – and further efforts

It is clear that in the UK, France, and Germany, as indeed in all of Europe, there is a general view that more needs to be done to restore trust in business and finance. Each country is attempting its own approach. The route chosen may be different in each case, but it is running in parallel and with the same goal. Whether one or the other approach will be more successful in rebuilding trust in finance and business remains to be seen. Cultural change to rebuild trust is in any event a long road with no immediately visible success.

The British Academy's ambitious programme of research on 'The Future of the Corporation' may well have an impact on the parallel efforts in some of the leading European countries, thereby assisting public policy in Europe to find novel ways forward for the corporation of the 21st century.

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3   For example, the revised EU Shareholder Rights' Directive, EU Directive 2017/828 of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

4   The German text reads: 'Das Unternehmen und seine Organe haben sich in ihrem Handeln der Rolle des Unternehmens in der Gesellschaft und ihrer gesellschaftlichen Verantwortung bewusst zu sein. Sozial- und Umweltfaktoren beeinflussen den Unternehmenserfolg. Im Interesse des Unternehmens stellen Vorstand und Aufsichtsrat sicher, dass die potentiellen Auswirkungen dieser Faktoren auf die Unternehmensstrategie und operative Entscheidungen erkannt und adressiert werden'.

The case for 'forward compliance'

John Armour encourages firms to anticipate future social harms

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The rapid pace of technological change currently under way in data-driven sectors poses an acute challenge for both firms and society at large: *regulatory lag*. The regulatory framework necessary to ensure the safe deployment of data-driven technology will necessarily lag behind the deployment of the technology, because the potential social harms associated with use of any new technology do not come fully to be understood until after the technology has been adopted. As a consequence, a firm making use of data-driven technology cannot assure itself or its customers and investors that it will avoid causing unnecessary social harm simply by complying with existing regulation.

The implication of regulatory lag is that should a firm's use of data-driven technology cause harm to some section of society, then it seems unlikely that the firm's statement that 'we broke no laws' will succeed in deflecting reputational damage.[1] It is therefore desirable for a firm's internal policies regarding data custody and risk assessment for data-driven technologies to be set according to guidelines prescribed by the firm that are more demanding than the current state of regulation.

As such guidelines prescribe conduct to a standard higher than extant regulation, they entail more than 'compliance' in the ordinary sense, and are a form of what are often referred to as 'ethics' policies. A challenge for such ethics policies is where they should legitimately be grounded. We argue that a useful starting point is a 'forward compliance' perspective: the firm seeks to comply not with the regulations as they are today, but where the firm anticipates they will and ought to be, based on the firm's understanding of the issues arising from its use of the technology. This harnesses the fact that the firm has privileged access to information emerging in real time about any issues emerging from the deployment of its technology. The firm's Ethics and Compliance team should monitor such issues and respond in accordance with its understanding of the interests of society, as grounded in the structure of the relevant regulatory frameworks. In short, the firm should not wait for the regulator to create a rule in respect of an emergent problem: it should act pre-emptively *as if it were the regulator*, for the purposes of writing its own guidelines of ethical conduct.

Forward compliance recognises that, on the one hand, any new technology will necessarily bring some unforeseen risks, but at the same time encourages firms to act proactively to mitigate and respond to these risks as and when they emerge. Encouraging firms to adopt a forward compliance perspective will help ensure that regulatory goals continue to be met in the face of fast-changing technological environments. Moreover, a firm that engages seriously in forward compliance will stand a far better chance of weathering any subsequent reputational storm, as the internal communications that emerge will show the firm grappling proactively with the problem rather than seeking to bury it.

Forward compliance can be implemented through a firm's Ethics and Compliance function. It requires a high-level team to monitor emerging issues and decide on whether and how the firm's internal Principles of Conduct should be updated – this requires a significant resource but is entirely appropriate for a very large organisation. It also requires that the firm actually execute compliance with its Principles of Conduct through an effective compliance programme, in particular ensuring that performance targets for remuneration and career progression are designed so as to reinforce, and not chafe against, such Principles.

While there are good business reasons for firms to adopt a forward compliance perspective, it may be that managers exhibit myopia regarding these benefits – for example, because they are paid for performance measured over only a short period. Steps are being taken to address this problem – for example, the 2018 version of the UK Corporate Governance Code imposes a minimum five-year vesting period for stock-based pay awards – but it may be that further encouragement is needed. To this end, modifying directors' duty of care in relation to oversight so that it encompasses forward compliance might be a possible prompt for further action.

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1   Studies of reputational losses show in particular that where a firm's activities harm its customers or investors, this results in measurable loss of market capitalisation, reflecting a devaluation of its reputation. Where a firm's activities harm other sectors of society, the crystallisation of such harm may provoke political backlash and trigger adverse regulatory interventions.

The future of the company tax

Mihir A. Desai and Dhammika Dharmapala explore innovative ways to overcome the difficulty of collecting tax from corporations

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In recent years, the company tax has been buffeted by global forces in sometimes conflicting directions. As the public's views on the social role of corporations have changed, the company tax has increasingly come to be seen as a mechanism for ensuring that business contributes to society. At the same time, the sustainability of corporate taxation is increasingly under challenge in a changing global landscape. This environment is characterised by the ability of corporations to relocate activity and profits in response to tax differences, and by the consequent rise of tax competition among governments (which has led to substantial reductions in corporate tax rates).

In our contribution to the first phase of the British Academy's 'Future of the Corporation' programme, we have surveyed how corporate taxation affects the behaviour of corporations and economic efficiency, and have analysed how the interests of corporate managers, shareholders, and the general public may clash or align in particular circumstances. We have gone on to describe three possible future paths that the company tax may take in response to the pressures and developments highlighted above – and we discuss these briefly in this article. We do not necessarily advocate any of these paths, but view each as being internally consistent in its aims and thus worthy of consideration. These alternatives differ significantly with respect to various policy objectives that are widely viewed as being important, including efficiency, administrability, corporate responsibility, the perceived legitimacy of tax systems, and progressivity.

Multilateral co-operation to preserve the company tax

One framework that is often used to discuss the current predicament of the company tax is that there has emerged a mismatch between the global reach of modern multinational corporations and the purely national reach of fiscal authorities. For policy-makers who wish to preserve corporate taxation, it would appear that an important role has to be played by increased multilateral co-operation and co-ordination, possibly even leading to multilateral taxing authorities analogous

to the World Trade Organization and its global trade architecture.

This approach could enable the company tax to survive in its present form, by mitigating tax competition among countries and by limiting opportunities for firms to shift reported profits to lower-tax jurisdictions. It would also provide an opportunity to use the company tax as a regulatory tool in certain circumstances, and as a mechanism for enforcing contributions by business to society. However, an inevitable concomitant of this approach would be to maintain and perhaps exacerbate the distortions caused by company taxation to firms' behaviour (such as their choice of how much and in which locations to invest). This is because multilateral co-operation is likely to entail higher corporate income tax rates and lower levels of profit shifting than would prevail in its absence.

Large sections of the public clearly favour the idea of firms paying a 'fair share' of tax. (It is worth noting that the extension of fairness concepts to legal entities is problematic; and the actual distributional effects depend on the incidence of the corporate tax – especially the extent to which it burdens workers, through lower wages resulting from lower levels of investment, or through changes in locational choices.) However, the feasibility of a high level of multilateral co-operation is questionable, especially in a world that is witnessing a resurgence of extreme nationalism and a distrust of global institutions. Thus, our remaining two alternatives both involve the abolition of the corporate tax, although they take very different approaches to the design of the rest of the tax system.

Consumption taxation

Those who highlight the economic inefficiencies caused by the company tax are often tempted to propose its outright abolition. However, abolition would create new challenges for a fiscal regime in which (for both revenue and distributional reasons) the personal income tax plays a central role. In the absence of a corporate tax, corporations would function as tax shelters from the perspective of the personal income tax system (that is, individuals could establish corporations that would serve as recipients of their labour and capital income, and defer taxation of this income until it is needed for consumption purposes). Any attempt to eliminate the company tax must recognise that the personal income tax in its current form may no longer be sustainable.

One potential solution is to abolish both the corporate and personal income taxes, in favour of consumption taxation (which by design does not seek to tax capital income – i.e. the returns from investment). There are various mechanisms through which consumption taxes can be implemented, such as a cash flow tax on businesses (for instance, the 'destination-based cash flow tax', DBCFT, proposed by Auerbach, Devereux and Simpson in 2010). However, the world's dominant form of consumption taxation is the destination-based credit-invoice method VAT, which has important administrative advantages over other forms of consumption taxation; this is unlikely to change in the future.

There would be substantial efficiency gains from moving to a consumption-based tax system. Indeed, many tax scholars have long advocated such a reform. However, there would be significant challenges in replicating the degree of progressivity currently achieved by income taxation. Progressivity should ideally be assessed with respect to the overall tax-transfer system and not with respect to the revenue-raising mechanism alone. Thus, it is possible that with sufficient progressivity in public expenditures, a tax system consisting solely of a VAT may be quite progressive overall. Nonetheless, these distributional challenges represent an important concern with respect to this potential alternative future path.

Large sections of the public clearly favour the idea of firms paying a 'fair share' of tax.

Reinforcing personal income taxation in the absence of a company tax

As discussed above, the absence of a company tax creates tax deferral opportunities for individuals facing a personal income tax. These opportunities exist primarily because of an integral feature of income tax law: the realisation requirement (that gains in the value of assets are typically taxed only at the time a realisation event such as a sale occurs, rather than continuously as the gains accrue). If the personal income tax were instead to be imposed on an accrual basis, then personal income taxation would continue to be viable even in the absence of a company tax. Thus, a third possible future path is to eliminate the company tax, while transforming the personal income tax to an accrual rather than realisation basis.

Tax law is reluctant to impose taxation upon accrual, when taxpayers will not necessarily have the cash to meet their tax obligations, or be certain about the amount of gain. While these are important concerns, mechanisms that address them – by deferring taxation until realisation while adjusting tax liabilities to eliminate the deferral advantage – have long been discussed. An alternative future path could potentially build on these proposals in order to eliminate the entity-level company tax, while retaining and indeed reinforcing the personal income tax. In such a world, the personal income tax can be used to achieve the distributional aims that are now pursued in part through the company tax (i.e. of taxing shareholders on their capital income); any degree of tax progressivity desired by society could in principle be implemented via the personal income tax.

It is possible that significant sections of the public may view an entity-level company tax as an essential component of a legitimate tax regime (even though any desired level of progressivity could be achieved through a personal income tax). Another major challenge for this approach is its considerable administrative complexity. Administrative challenges are likely to be especially significant for developing countries, which already face difficulties in effectively implementing personal income taxes. On the other hand, it is possible that future technological developments may make it easier for governments to keep track of taxpayers' assets, and so facilitate accrual-based taxation of individuals.

Conclusion

Navigating the rising expectations for, and the diminished capacity of, the company tax is likely to represent a major challenge for the world's governments over the next several decades. A central tension is between public perceptions of the company tax and the evidence and conceptualisations developed within academic scholarship. Perhaps the most important question for policy-makers is how to reconcile these public pressures with a commitment to evidence-based policy-making. Overall, the future of the company tax appears fairly uncertain. We hope that by mapping the contours of the leading conceptually coherent alternatives that exist for its future development, our framework can play a role in advancing this important debate.

Further reading

A fuller statement of the ideas expressed here, along with bibliographical references, can be found in: Mihir A. Desai and Dhammika Dharmapala, 'Revisiting the uneasy case for corporate taxation in an uneasy world', *Journal of the British Academy,* 6:s1 (2018).

How to extract appropriate amounts of tax from 'established tech giants' was discussed by the Chancellor of the Exchequer, Philip Hammond, in his October 2018 Budget speech. *Photo: by Jack Taylor / Getty Images.*

Whose business is prosperity?

Henrietta L. Moore argues that business needs to deliver sustainable prosperity for people and planet

Professor Dame Henrietta L. Moore is the Founder and Director of the Institute for Global Prosperity, UCL. She was elected a Fellow of the British Academy in 2007.

Over the past decade or so, it has become increasingly clear that our once widely accepted economic paradigms are contributing to the greatest challenges of our times, rather than steering us to a sustainable and prosperous future.

Economic growth once guaranteed a continuous increase in the standard of living of normal people, and the companies who drove this growth forward could be proud of the value they provided to society. But somewhere along the lines, we have lost our way.

We now find ourselves in a position where we increasingly face a two-tiered system. The small amount by which the economy does grow disproportionately goes to those who already have wealth, whilst those who need it most are left without opportunity.

Stagnant incomes in the UK over the past 10 years and a huge generational divide in wealth are leading to pessimism over the future, as the lack of opportunity sets in. Some 53 per cent of people believe today's youth will have a worse standard of living than their parents. Fifteen years ago, this figure was just 12 per cent. People don't have faith in their lives getting better anymore, and many view business as part of the problem rather than part of the solution. There has been a breakdown of trust between business and society.

A prosperous society is not necessarily a society that is wealthy – although a strong economy is an essential part of it. Instead, it is a society that is inclusive, sustainable, and capable of offering its residents the ability to have a fulfilling life. This has sparked an interest in new types of conversations about the most efficient ways in which economic resources can translate into well-being for both people and the environment. One of these conversations has been about rethinking and redefining the meaning of prosperity, as well as promoting multi-dimensional theories of well-being, happiness, and social progress as an alternative to the dogma of GDP growth.

We need to see a similar shift in the business world. The hoped-for linkage between profit and improving society is sometimes true, but all too often it is not, and it is increasingly evident that the narrow goal of 'profit maximisation as soon as possible' does not coincide with the best interests of society or the safeguarding of the planet's resources.

This wind turbine on Tiree generates electricity for the benefit of the community. *Photo: Alamy*

The importance of the UN SDGs

The future of business needs to be linked to a commitment to the sustainable prosperity of people and planet. The UN Sustainable Development Goals (SDGs) set out a series of targets that provide a framework for action towards this purpose. There is an urgent need for the world to find a low-carbon sustainable development path underpinned by a new set of economic models. The SDGs are based on what is known as the five Ps: people, planet, prosperity, peace and partnership. The critical action is to secure the first three through delivering the last two. The scale and complexity of the challenges involved will involve the combined skills of government, civil society, communities and business. Solutions are urgently needed, and we need to map out new pathways to prosperity through new forms of partnership and collaboration between individuals, communities and nations. However, such collaborations will need to be set in the context of a new social contract; one that places the safeguarding and regeneration of planetary resources at its centre.

As the report of the Business and Sustainable Commission emphasised, this will require a new kind of business; a business both fit for the future, and committed to the long term prosperity and well-being of generations yet to come. Any sustainable prosperity agenda would go well beyond CSR or the greening of supply chains, and make it the 'new normal' to act on the pressing challenges of the day. This includes such things as food security, fuel poverty and climate change. The SDGs can act as the growth strategy and innovation space for the businesses of today and tomorrow.

Business has particular responsibilities – ones that should be enshrined in legislation – to ensure that the true cost of natural and human resources are factored into their activities. This involves the costs of the consumption and degradation of the planet's assets, principally air, water and soil. This is not just a matter of ceasing to externalise the costs of pollution and deterioration, but recognising that the planet's assets are common assets and must be protected, maintained and regenerated. Decent work and decent wages are about maintaining and developing the human assets on which the economy depends. At the present time, global capitalism benefits from the more than 25 million people working in forms of modern slavery, and the 150 million children around the world who work in mines, factories, fields and rubbish tips.[1]

Distributed, decentralised, democratised

The role of business in society is beginning to change. There is a much clearer recognition that business needs new forms of partnership and collaboration with government, civil society organisations, employees and communities. Change is being driven in part by new technologies and the new forms of production, consumption and distribution they enable. For many, the new household business names, such as Uber and Airbnb are iconic in this regard. They employ few workers in the traditional sense, they do not own the assets they use to create value, and they produce nothing. They are firm–market hybrids that operate through platforms, exploiting peer-to-peer provision and with no co-located social systems. They are also regulated by local and city government rather than national government.

The sustainable businesses of the future have to develop these capacities and capabilites, but do so within a space of regeneration and innovation marked out by both by the UN SDGs and by new complex ecologies of partnership and collaboration. The needs of individuals and communities are the demand of the future, and these needs are changing and new opportunities are emerging.

It is estimated that by 2050, 140 countries in the world could be powered entirely by wind, solar and water. The move to a low-carbon/non-fossil fuel economy creates new opportunities. Focusing on improving quality of life for people around the world could start with the recognition, for example, that 360 million people in India are without electricity and another 20 million have power for less than 4 hours per day. Energy deficits underpin failures in human capital and in agricultural productivity and innovation, among other things. New businesses are emerging to meet these needs. For example, BuffaloGrid targets off-grid and grid-edge communities in emerging markets using internet-connected charging hubs to charge local mobile phones, as well as providing an associated cloud service. In India, this has helped more people get online, and therefore enabled them to access digital services related to employment, education, health and entertainment.

Off-grid distributed technologies bring many benefits, including the benefits of distributed ownership. Repowering London is a community benefit society that facilitates the co-production of community-owned renewable energy projects. Renewables should be in community ownership. Working with Hackney's Banister House Estate in London, it uses block-chain technology and AI smart hubs to allocate the renewable energy the community produces based on needs. The result is that the community generates, stores and trades its own energy.

The needs of community energy organisations are beginning to drive investment, and to redistribute power away from shareholders to stakeholders. The valued added that community energy brings is often under estimated. It is not just a matter of financial capital, but of social capital and social cohesion. On the small Hebridean island of Tiree, a single wind turbine which has been running for 7 years is run for the community. The profits from electricity generation – over £150,000 per year[2] – are invested back into the community, with the money going towards afterschool activities for children, and activities for the elderly. In Berwickshire the benefits of a community wind farm are realised through investment in social housing for local people.

These businesses create value and deploy capital in new ways. They are distributive by design and focused on improving quality of life, whilst protecting common assets. We need economic systems that invest in human, natural and social wealth. Businesses need to be regenerative of value in the fullest sense, embracing the growth potential of responsible environmental and social policies. Better business will mean a better world.

1   www.globalslaveryindex.org/2018/findings/global-findings/
2   https://medium.com/@TheCCoalition/5-community-energy-projects-you-should-know-af5398efec8d

Gauging the impact of artificial intelligence on work

Genevra Richardson introduces some analysis undertaken by the British Academy and the Royal Society

Genevra Richardson is Professor of Law at King's College London. She was elected a Fellow of the British Academy in 2007, and is the Academy's Vice-President (Public Policy).

Through our public policy work, the British Academy aims to use both the expertise that exists within our Fellowship and the findings from the research we fund to provide policy-makers with insights into some of society's greatest challenges.

It takes many minds to respond to the complex and interconnected questions that face our society, and we must approach these important questions with intellectual rigour and draw on a wide range of academic disciplines. Many of these great questions – such as the impact of technological change – are as much human and societal challenges as they are scientific.

It is difficult to think of a more important set of questions than how society can successfully realise the benefits, and manage the disruption, from the technological transformation that is currently taking place. The need to respond to technological change isn't new, but what might be different this time is the sheer pace at which technologies, such as artificial intelligence, are developing.

This represents a real challenge for policy-makers, as does the wide range of predictions and projections that tend to proliferate in this area. For these reasons, the British Academy decided to work with the Royal Society to publish a synthesis of the evidence that exists for the impact of artificial intelligence on work.

Our work reviewed and synthesised evidence from across many different academic disciplines, in order to inform policy debates about the interventions needed, and to support a more nuanced discussion about the impact of AI on work. What we were trying to do was to get behind the hype that Margaret Boden quite rightly identifies (p.27), and to discover how much certainty we can derive from current evidence.

While many of the public and policy debates on AI and work tend to swing from apocalyptic fears of the 'end of work' to reassurances that there will be little change in overall employment rates, the evidence suggests neither of these extremes is likely.

History demonstrates that in the long run new technologies do increase population-level productivity, employment and economic wealth. But these benefits take time to emerge, and there can be significant periods in the interim where some in society are very negatively impacted, as the article by Jane Humphries and Benjamin Schneider so vividly illustrates (p.32). Evidence from both historical and contemporary sources suggests that technology-enabled changes to work tend to affect lower-paid and lower-qualified workers more than others.

Where there is less certainty is around the exact number of jobs likely to be lost, gained or changed by AI, although there does seem to be an emerging consensus that around 10–30 per cent jobs in UK are highly automatable.

The future is not set in stone, and AI and our response to it could go down a number of possible paths. There are choices to be made, and these could be aided by the sort of 'outcome-thinking' that Richard Susskind is advocating (p.30).

But to make these choices will mean continuing to use the very best available evidence from across a wide range of academic disciplines, including the humanities and social sciences, so that as a society we can be confident that technological change is harnessed in a way which helps improve productivity, ensures this benefit is shared across society, and enables humans to flourish.

Further reading

A summary of the report can be found via thebritishacademy.ac.uk/projects/ai-and-work

The impact of artificial intelligence on work

An evidence synthesis on implications for individuals, communities, and societies

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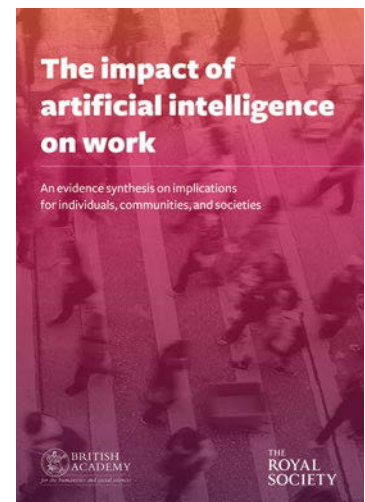
Thinking intelligently about artificial intelligence

Margaret A. Boden talks to the *British Academy Review* about the political and philosophical problems posed by AI

Margaret A. Boden is Research Professor of Cognitive Science at the University of Sussex. She was elected a Fellow of the British Academy in 1983, and served as Vice-President 1989-1991.

'There's a whole lot of nonsense talked about AI,' says Professor Margaret Boden FBA, when asked at what point artificially intelligent machines will take over the planet. 'If you look at the history of AI over the last 50 years, there have been at least half a dozen instances of very widespread hype, where not only some people in the field said things that were really over the top, but the journalists and the public in general got really worked up about it.'

But, if she had to guess? 'Well, I don't think that the robots *will* take over. And there are two reasons why I don't think that. One is that I don't think they will be intelligent enough. And another is that they won't want to. They don't want anything, they do what they are designed to do. So they're not going to turn around and want to do things that we don't want them to do.

'But, of course, in trying to solve certain problems that we give them, they might come up with solutions which don't suit us ...'

Professor Margaret Boden is a world authority in the field of artificial intelligence, having spent a lifetime attempting to answer philosophical questions about the nature of the human mind, but from a computational viewpoint. She is Research Professor of Cognitive Science at the University of Sussex, where she helped pioneer the world's first academic programme in cognitive science with AI. She is also a technical adviser on the social implications of robotics and machine-learning for the All-Party Parliamentary Group on AI. Her career was the subject of the BBC Radio 4's *The Life Scientific* in October 2014.

Professor Boden's most recent book is *Artificial Intelligence: A Very Short Introduction*, published in August 2018 in Oxford University Press's *Very Short Introduction* series. The book presents, in just 150 pages, a rounded and accessible account of artificial intelligence – its history, successes, limitations and future goals – and the political, philosophical and legal questions that it raises.

For while the machines may not yet pose a danger to the existence of the human race, as Professor Boden says, the rise of AI is going to bring about some 'very real changes' in the not-too-distant future, and in so doing pose a host of unprecedented challenges to our society.

At the beginning of her new book, Professor Boden says that 'Artificial intelligence seeks to make computers do the sorts of

things that minds can do,' and lists the many and varied benefits of artificially intelligent systems. Such systems, she explains, can be found in the home, the car (and the driverless car), the office, the bank, the hospital, the sky, the Internet, and what is often called 'the Internet of Things', which connects the ever-multiplying physical sensors in our gadgets, clothes, and environments. Some AI systems even lie outside our planet, such as satellites orbiting in space, or the robots currently roving across the Moon or Mars

And, speaking from her home in Brighton, Professor Boden is keen to emphasise just how useful AI can be for the ordinary person.

'It's already improving your life in all sorts of ways,' she says. 'Take medicine, for example. Already there are computer systems which are better at diagnosing certain conditions than even the best human doctors. And parts of the world don't have access to even average human doctors. So AI systems for use by people who are not expert in whatever area we are talking about – medicine is just one example – is beneficial.

'Then, all the apps you have on your phone – I don't know if you regard those as beneficial – but if you do, then put them on the list, because they're all AI.'

So, the current practical applications of AI may be clear. What is less clear is how we are going to use artificially intelligent systems in the future, and, more to the point, whether we will be able to use them responsibly.

For example, there are the legal and ethical dilemmas inherent in the use of new AI technologies – such as driverless cars.

'This is partly why Google is terrified of having a young child, or a baby, killed by one of its driverless cars,' says Professor Boden. 'Can you imagine the reaction to that? These things are going to have to be settled in the law courts. Who should be responsible? Should it be the manufacturers who made the car? Should it be the people who did the programming (who may be dead)? Should it be the designers? The retailers who sold it to the person who used it? Or should it be the person who used it for deciding to use it? All of this will have to be sorted out.

'And how much responsibility do the politicians have, in terms of regulations? Again, that's something which is subject to different political opinions: a right-

10-30 per cent of the tasks done by employed people in the UK are automatable.

wing person and a left-wing person are likely to give very different answers, because they'll have different ideological views on the role of government in life in general, never mind AI.'

More dramatically, will the rise of AI affect geo-politics? The United States, Russia and China have all recently announced huge amounts of investment in military AI, which is certain to result in new, more destructive weaponry.

'Maybe you can rely on countries to be sensible and restrained with such weapons,' says Professor Boden, 'just as the US and the Soviet Union were with respect to nuclear weapons in the Cold War. But, of course, there are other nations that may have very different agendas, and there may be other groups – or even what we might regard as crazy individuals – who might want to use this stuff.'

Meanwhile, AI will have a huge impact on the future of work. While many projections of how many jobs will be lost, gained or changed by AI have been published over the last five years, a consensus has begun to emerge that 10–30 per cent of the tasks done by employed people in the UK are automatable.

And, says Professor Boden, such changes are already occurring. 'Some people say it will be like the industrial revolution. There will be some jobs that will go – like jobs dealing with horses – and there will be lots of new jobs that didn't exist before – like for example, car mechanics. And this is already happening. If you mentioned the term 'data scientist' or 'data analyst' a few years ago, people would say,

'What does that mean? Never heard of it.' Now there's a desperate need for people to fill these roles because we haven't got enough people trained in that area. Those jobs didn't even exist five years ago, never mind 10 years ago.

'Another example is looking for precedents in law, which now can be largely done not just faster and more cheaply, but – in many cases – better by machines than by young lawyers.'

As a solution to the unemployment this could cause, many politicians and policy-makers are touting the introduction of a universal basic income (UBI). But that raises more questions.

'First of all,' Professor Boden says, 'where is the money going to come from for UBI? If things carry on as they are, where an increasing amount of capital and financial power is in the hands of a relatively small number of companies, and if those companies don't pay all their taxes, where is that money going to come from? So, is it actually going to be possible to provide everybody with a non-means tested basic income, which is going to be sufficient for them to live on? That's not at all clear.

'And besides, will people even want UBI? Will they vote for that? And if they do vote for it, how do you ensure people lead satisfying lives when they're not working? There could be huge social disruption – I mean, very nasty social disruption. I'm not saying it will happen, but it could.

'So, there are all sorts of questions about UBI. It isn't straightforward at all. And the economists don't agree about it either.'

In October 2015, a computer program developed by Google beat a human professional Go player for the first time in history. Go is widely considered to be the most complex board game ever made. Six months later, the same program, AlphaGo, defeated the second most-decorated Go player in history, Lee Sedol, 4–1. During the second game, the Google machine made a move that no human ever would, a move that was described as 'beautiful' by onlookers and which forced Sedol to leave the room for fifteen minutes to gather himself before responding – he is now using that move in his own Go playing.

In recent years, machines have also been programmed to paint, write poetry and compose music so convincingly that human test subjects, when shown the work, have no idea of its artificial origins.

But is this real creativity? For Professor Boden, this is a philosophical question that depends on understanding the related concepts of intelligence and consciousness – and we still know very little at the neuroscientific level about the mechanisms involved in the mind, about how the brain really works.

'Now, it is true that there are programs which can write poetry – although I don't know of any AI programs that can write *good* poetry – and produce very interesting and, in a few cases, I would say, very aesthetically satisfying graphics, including coloured paintings. There are even programs which can write prose – for example, news reports describing a football game.

'But, if you think of a report about a football match, I don't think that there's any system, at the moment, that could visually recognise what was so special about that goal by David Beckham against Crystal Palace [in 1996] when he scored from inside his own half. And even if it *could* realise how special it was, could it find the language to describe it?

'If somebody were to try to describe that goal, they aren't going to just say, "Oh, Beckham then scored a goal from the other side of the pitch." They're going to write more than that, because it was very special. And they'd not only have to have a good understanding of football, they'd have to have a good understanding of language – which, at the moment, these programs don't have. They don't understand language at all. They just either use canned phrases or they rely on statistics for word clusters – words that tend to

appear together in human written prose – to pick their words, but they don't understand any of the language that they use.'

All the questions and challenges posed by the rise of AI, involving issues of philosophy, ethics, politics, law … so much to fit into *Artificial Intelligence: A Very Short Introduction*. How easy was it to write?

'You have to think very hard about what the intellectual priorities are. And obviously, the less room you've got to say stuff, the more difficult it is to decide what is important and what should be communicated. It isn't easy!

'One thing that helped was that, a few years ago, I wrote *Mind as Machine*, a two-volume history of cognitive science, which included a lot about AI. Those 1,300 pages captured my life's work. So, I'd done a lot of the serious thinking already, deciding what was important, and what related to what.'

And an interdisciplinary approach is key. 'You have to read a hell of a lot of stuff in different disciplines,' she says. 'My two-volume history, for example, draws on classical times, and involves philosophy, psychology, linguistics, anthropology, neuroscience, theoretical biology, computer science and AI. And that involves straddling the arts-science divide. You have to have a sense for language and the arts and various human aspects of psychology, as well as being able to understand scientific language in neuroscience or computer science. You have to be a very queer fish – and I am a very, very queer fish!

'My first degree was in medical sciences – I was planning to be a psychiatrist at that point – my second degree in effect was in philosophy, my PhD was in psychology. That's a very unusual background, but that was why I am able to write about artificial intelligence in the way that I do.'

Interdisciplinarity is something about which Professor Boden is passionate. 'I'm very much against this increasingly narrow specialisation that's creeping into academia everywhere. If you ask me which side of the arts-science fence I sit, my answer would be that I don't sit on either side. I sit on the middle! I jump down to one side from time to time, and then immediately jump up and onto the other side. I identify with both sides and neither.'

So, while reassuring us that the machines

won't actually take over the planet, how does Professor Boden see the future for humans and AI?

'Well,' she says, 'I have four grandchildren and I don't envy a single one of them. I think that with AI (and other problems like global warming), they're going to have a very hard life, and I think that their children, when they have them, will have it even harder. As I've said, AI is already improving your life in all sorts of ways. It's just that there are a huge number of open questions and the people who take the time to think about them frequently disagree about the answers.

'We simply need to make sure that AI is put to good human use.'

Margaret Boden was speaking
to Joe Christmas.

Further reading

Published by Oxford University Press in August 2018.
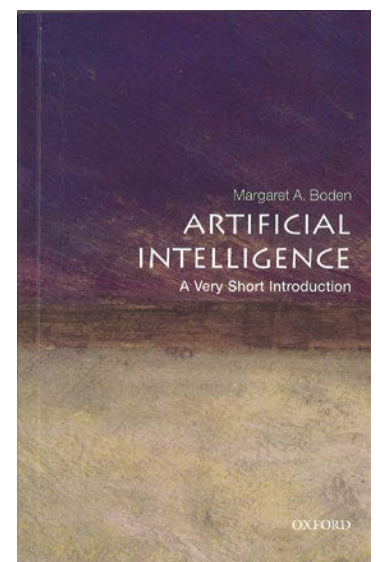
AI, work and 'outcome-thinking'

Richard Susskind argues that working practices must ultimately serve the needs of customers not workers

Richard Susskind is Technology Adviser to the Lord Chief Justice of England and Wales, and Chair of the Advisory Board and Visiting Professor at the Oxford Internet Institute.

In 2017, I was invited to speak about the future to a gathering of two thousand neurosurgeons. My opening statement was that patients don't really want neurosurgeons. What they want is health. For a particular type of health problem, I acknowledged that neurosurgeons are undoubtedly the best solution we have today. But I went on to say that this might not always be so, because 50 years from now, give or take, we'll probably look back and think it remarkable that we used to cut heads and bodies open. I wanted to challenge those present who felt that the future lay only in robotic neurosurgery because surgery will surely not be with us in the long run – the health troubles to which neurosurgeons currently devote their energies will in due course be sorted by non-invasive techniques.

In speaking this way, I was encouraging a mind-set that I call 'outcome-thinking'.

Outcome-thinking can be invoked when considering the future of all professions. Take the world of architects. People don't generally want these experts either. What they really want, as Vitruvius recognised in the 1st century BC, are buildings that are durable, useful, and beautiful. Nor do taxpayers want tax accountants. They want their relevant financial information sent to the authorities in compliant form. Fifty million Americans are now using online tools to submit their tax returns. Few seem to be mourning the loss of social interaction with their tax advisers. In a similar vein, I spoke not long ago to a group of generals of the British army. My theme then was that 'citizens don't want soldiers; they want security'. The same point holds in quite different fields. Patients don't want psychotherapists. Roughly speaking, they want peace of mind. Litigants don't want courts. They want their disputes resolved fairly and with finality. You get the point. It's not brain surgery (no, wait ...).

The disconcerting message here for all professionals is that our clients don't want us. They want the outcomes we bring. And when these outcomes can be reliably delivered in new ways that are demonstrably cheaper, better, quicker or more convenient than the current offering, we can expect the market to switch to the alternatives.

Many professionals and commentators balk at this line of outcome-thinking. They insist that what a client surely needs, and will always need, is a trusted adviser – an empathetic and expert human counsellor. But this is to confuse means with ends, to muddle up *how* we work with *what* we deliver. It is to assume

that there is something intrinsically valuable, indispensable even, in our current ways of working. It is to fixate on today's processes and disregard our broader *telos* (purpose or goal). I challenge this. I am not denying that the work of many professionals (surgeons, nurses, dentists, vets, and physicians, for instance) is often admirable and heart-warming, as well as socially beneficial. Nor am I denying that these professionals find their work satisfying and stimulating, lending their lives meaning and purpose.

But I am questioning whether the working practices of these and other professionals, in and of themselves, are of such value that they should be retained at all costs in the face of alternative services that clients and customers find preferable. I find myself, in other words, favouring the interests of patients over doctors, of clients over lawyers, and of students over teachers. Adam Smith helps me here. In the *Wealth of Nations*, he argues that 'consumption is the sole end and purpose of all production; and the interest of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer'. Spot on.

Consider this thought experiment. Imagine that medical scientists developed an affordable vaccine whose widespread introduction would prevent the development of all cancers. Would we feel that we should limit its deployment to protect the livelihood and self-esteem of oncologists? I pick an extreme example, precisely because of the great contribution that today's oncologists make to our lives. Even then, I suspect we would come to conclude, for the sake of the community's health as well as for economic reasons – for the sake of *outcomes* – that we should sensitively phase out this branch of medical practice. It is not the purpose of ill health to keep doctors employed.

More generally, there is no obvious reason that many of today's professionals won't be displaced by increasingly capable systems and then fade from prominence, much as blacksmiths, tallow chandlers, mercers, and many trades became redundant in their day. Today, people still want transport, candles, and silk, but we have found new ways of satisfying these demands.

In the face of this potential assault, many professionals take comfort from *task-based* thinking. They analyse the work they currently do, they break it down into a set of component tasks, and then identify those that they think might be undertaken by machines and those that seem to be beyond the foreseeable capacities of the most advanced systems. When they reckon that a significant proportion of their current tasks cannot be taken on by machines, they feel safe. And their task-based rationalisation is supported by most of the reports on the future of work being published by academics and consultants, and reproduced daily in the mainstream media.

My message is that this kind of task-based thought is deeply flawed. Think about legal work. Commentators and practitioners often insist that much of the work of lawyers is beyond the reach of technology. They will suggest, for example, and not unreasonably, that the work of court lawyers cannot be replaced by machines. How on earth could a robot appear as an advocate before a judge? The answer, of course, is that we are light years from this happening. But the story doesn't end here, because these traditionalists are asking and answering the wrong the question. Mistakenly, they are focusing on current ways of working rather than on whether the outcomes that court lawyers deliver might be achieved in very different ways.

Now consider online courts. Long story short, there is a growing global movement to conduct much of the work of courts not by physically congregating in courtrooms and arguing in person, but by submitting evidence and arguments electronically to judges. The idea is that the final decisions of the judges (still humans) will also be delivered in electronic form. The outcome of the court (the binding decision) is unchanged but the methods by which it is reached are transformed, with the oral advocacy of court lawyers eliminated from the process. It is no comfort that machines can't replicate the work of advocates and deliver a soaring closing argument in the courtroom. The irreplaceability of the work of oral advocates becomes an irrelevance.

In short, the systems that'll replace us are unlikely to work like us.

In considering the future of work, then, the big question is not whether machines can take on the work that humans do. It is whether the *outcomes* of today's human labour can be delivered in different ways with the support of technologies. Task-based analysis of the impact of machines, relying often on the outdated distinction of labour economists between routine and non-routine work, greatly understates the extent to which the work of human beings will be taken on by AI.

All of that said, I recognise that outcome-thinking has at least three significant limitations. The first is that it's conceivable, at least in principle, that some working practices and processes are intrinsically valuable and important to retain for their own sake. I struggle to find examples of this but I leave it open to traditionalists to argue this case (some lawyers will say that the courtroom is inherently of value in this way – as a generality, I don't accept this).

The second limitation of my consequentialism (as philosophers might describe it) is that any novel processes that deliver the desired outcomes must be sustainable. There is little point in jettisoning old ways of delivering outcomes, if the new system is destined to run out of steam. In other words, we might need to retain some of the old system (people and processes) to feed the new one.

Finally, we should accept that what clients and customers *want* may not be what they actually *need*. Inexpert consumers, crudely speaking, may not know what's best for them. Nor indeed might expert consumers. Steve Jobs nailed the point when he observed that 'people don't know what they want until you show it to them'. There is much in this. Consumers, users, clients and customers cannot be expected, for instance, to keep up with AI and other advanced technological developments. Their current conceptions of what is desirable are constrained by what they think is possible.

But these three qualifications are peripheral to my main point for professionals which is that clients don't really want us. They want the outcomes we bring. In an AI-enabled internet society, our challenge, by and large, is to think deeply about our *telos* and find new ways to deliver long-established outcomes. In the long term, we will find that these will increasingly call for systems rather than traditional advisers.

Stranded spinsters

Jane Humphries and Benjamin Schneider recall a forgotten case of technological displacement

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The technological unemployment widely predicted to result from the spread of artificial intelligence is often discussed in the context of past transformations. Handloom weavers, bank tellers, and telephone operators illustrate the fate of those impacted by technology. These cases, while compelling, overlook an earlier and more significant case of technological unemployment: the destruction of hand spinning by factory production in the late 18th century. Hand spinners have been neglected in the historiography of industrial change, partly because they were almost exclusively women and children who worked on simple equipment in domestic settings. They have been rediscovered as a by-product of economic historians' renewed interest in the causes and consequences of mechanisation.

Our work on hand spinners began as an investigation of their wages, as other researchers had claimed that the relatively high cost of employing workers made labour-saving machinery profitable and thereby contributed to the technological revolution that underpinned industrialisation.[1] Since hand spinners were paid primarily through piece rates, reconstruction of their wages required an investigation of productivity and the spinning labour process. This led to a comparison of hand and factory work and an assessment of the scale and implications of technological displacement. Our spinsters' story resonates with aspects of the future of work today.

Spinning before mechanisation

Hand spinning is the production of yarn on spinning wheels, using a combination of the mechanical power of the wheel and manual dexterity to twist and pull fibres of cotton, wool or flax into material that can be woven into cloth. It was generally undertaken in the home, sometimes by individual workers but often involving family members in small production teams. Incentives were provided by piece rates (payment by output), though some spinners worked their wheels in institutions such as workhouses and spinning schools where targets were set to drive productivity. Spinning was seasonal, with work frequently abandoned during the harvest and intensified in the winter months. It was embraced for its flexibility, and was allegedly readily combined with domestic responsibilities in what today we would think of as zero-hours contracts: spinners would only have work when a local yarn or textile factor provided them with fibre.

1   R.C. Allen, *The British industrial revolution in global perspective* (Cambridge, 2009). R.C. Allen, 'The Industrial Revolution in Miniature: The Spinning Jenny in Britain, France, and India', *Journal of Economic History*, 69 (2009), 901–927. J. Humphries, 'The lure of aggregates and the pitfalls of the patriarchal perspective: a critique of the high wage economy interpretation of the British industrial revolution', *Economic History Review*, 66 (2013), 693–714. R.C. Allen, 'The high wage economy and the industrial revolution: a restatement', *Economic History Review*, 68 (2015), 1–22. J. Stephenson, '"Real" wages? Contractors, workers, and pay in London building trades, 1650–1800', *Economic History Review*, 71 (2018), 106–132. J. Humphries and B. Schneider, 'Spinning the Industrial Revolution', *Economic History Review* (forthcoming). See also: 'UK economists look to industrial revolution for productivity hint', *Financial Times* (17 June 2018); and 'The Industrial Revolution could shed light on modern productivity', *Economist* (4 August 2018).

When sent out	To Whom	Seven penny Flax	Eight penny Flax	When brot Home & paid	Seven penny Work	Eight penny Work	Money Paid
							l s d
Nov 1	Betty Bowridge		3			3	— 2 —
	Goody Drake	3		Nov 12	3		— 1 9
	Goody Wright	3		26	3		— 1 9
Nov 1	Goody Sumpter junl		3	Nov 16		3	— 2 —
	Goody Sharman	3		23	3		— 1 9
	Goody Mason		3	12		3	2 —
	Goody Palmer	3		Nov 9	3		— 1 9
	Mary Sumpter		3	Nov 16		3	— 2 —
	Goody Leeson	3		Nov 5	3		— 1 9
	Goody Jackson / Goody Beach		6	Dec 21		6	3 6
	Ann King	3		Nov 9	3		— 1 9
	Goody Freer	3		19	3		— 1 9
	Goody Rice	3		Jan 4	3		1 9
	Goody Redshaw	3		30	3		— 1 9
	Goody Sumpter		3	12		3	— 2 —
	Goody Dodson		3	19		3	— 2 —
	Goody Chap	3		30	3		— 1 9
	Gd Reddyhoof	3		Dec 14	3		— 1 9
		39	18				1 14 9

Rockingham account book for flax spinning: 'Poor people employed by the order of the Countess of Rockingham to spinn flax for the year 1742'. (Image: Bodleian Library, MS North d. 51 f.2r)

Marianne Stokes, St Elizabeth of Hungary Spinning for the Poor, 1895.
Image: Wikimedia Commons

Machines, factories, and transformation

The mechanisation of spinning revolutionised the labour process. Instead of the relative quiet of a home, spinners worked in shops full of jennies, in front of ranks of water frames, or around outward running and returning mules. Factory production also meant a greater division of labour. Rather than a single spinner, perhaps assisted by her children, factory work demanded a centralised workforce with women, children, and men performing different tasks with differentiated remuneration.

Factory spinning meant workers ceded flexibility over working time, had little or no control over the labour process and its intensity, and often laboured in unhealthy conditions. Wages exceeded those of hand spinners, with nominal factory pay in the 1790s probably about twice as high as the long-run hand spinning average for the 18th century. We might conjecture whether these premia 'compensated' spinners for the transition to factories. However, in the initial phase of mechanisation there were far fewer new jobs, and those that were created were inaccessible to the women and children who had previously spun in their own homes far from the rivers of the Peak District and South-Western Lancashire. There was a mismatch of numbers, locations, skills, and family structures.

In contrast to hand spinning, factory spinning was geographically concentrated, initially drawn to sources of water power often in isolated areas. The desired composition of the workforce involved large numbers of women and children with few jobs for men. It was out of synch with family structures, and initially employers struggled to recruit. Many resorted to the easy option of employing pauper apprentices, orphans who came without family ties. The second generation of mills employed steam power, allowing for – or even encouraging – greater concentration of mills in urban areas, which had easier access to input markets, such as male mule spinners, the raw cotton market, and product markets, such as overseas trade. Thus, employment in spinning moved from wide dispersal in hand spinners' homes, to clustering in a smattering of locations in rural areas, to, finally, concentration in factory districts.

Workers in some places managed production and sold final outputs, but generally yarn masters controlled both the supply of material and sale of finished products. Control over spinners' pace of work and yarn quality could only be exercised intermittently. The demand for greater oversight was a factor behind masters' interest in mechanised processes.

The vast majority of hand spinners were women and children. Employment was especially common in the textile centers of East Anglia, the West Country, and later Yorkshire and Lancashire, but hand spinning appears in 18th-century sources throughout Britain. While there is some evidence for the agglomeration of men's employment in textile production in the northwest by the mid-18th century (before the mechanisation of most textile production processes), sources do not suggest that hand spinning became similarly concentrated. Hand spinning had penetrated the lowland countryside and remote upland areas as well as towns in many regions of the country. It was a widespread source of income available to many women whose husbands and fathers worked in other jobs and sectors.

Estimating employment numbers in hand spinning requires information on productivity and through-put. Craig Muldrew's pioneering reconstruction used productivity estimates from contemporary writers, export values, and household budget information.[2] Our alternative method builds on fibre supply data from recent research and our estimates of productivity from contemporary sources; and our in-progress work suggests that more than 500,000 spinners may have been needed to process Britain's fibre inputs by 1750, if they were all working full-time. While we differ from Muldrew to some extent, the results underline that hand spinning was the largest single manufacturing job in industrialising Britain.

2   C. Muldrew, '"Th' ancient Distaff" and "Whirling Spindle": measuring the contribution of spinning to household earnings and the national economy in England, 1550–1770', *Economic History Review*, 65 (2012), 498–526.

The hand spinners' fate

The limited short-run increase in demand for yarn meant that large productivity gains from spinning machinery resulted in widespread unemployment, with job losses running into the hundreds of thousands by the early 19th century. Many rural areas simply deindustrialised. While there was a parliamentary investigation into the distress caused by spinning machines in Lancashire in 1780, the national government did nothing. Spinning machines were a profitable tool for the new factories and produced an abundance of yarn, and therefore more work, for male handloom weavers in the new textile districts of the North.

The loss of local earnings opportunities for women and children was often disastrous, especially as it coincided with falling demand for labour in arable agriculture. Although spinners' wages had never been as high as some social commentators claimed, they had constituted a useful supplement to the incomes of families, particularly in low-wage agricultural counties. They even provided the opportunity for women to remain independent as *literal* spinsters, though spinning work would hardly have enabled them to support children alone.

The loss of this employment created dependence on men and men's wages. But these 'male breadwinner families' were created in advance of an increase in men's wages to a breadwinner level or indeed of widespread acceptance of the breadwinner role and the discipline it involved. As such they were economically fragile and frequently reliant on parish relief. Indeed, the male breadwinner family was an aspirational ideal that reconfigured the emerging dependence of women into a social benefit. The rise of the male-breadwinner family is usually explained by positive choices to withdraw women and children from the labour market to produce domestic comfort or to attend school. The loss of female employment in hand spinning, given its scale and timing, suggests darker origins. Lack of opportunity to work and contribute made women dependent, and burdened men with a breadwinner commitment that they were as yet ill-positioned to meet.

The loss of hand spinners' contributions to family incomes exacerbated poverty, particularly in low-wage agricultural areas, and was widely understood as a source of the rocketing expenditures on poor relief. Thus, when the authorities surveyed parishes and townships in the 1830s for information on the sources of poverty as a prelude to the dramatic recasting of poor relief under the New Poor Law, questions about work availability for women and children prompted unsolicited and nostalgic reminiscences about the disappearance of spinning, underlining its earlier role in protecting families from want. The New Poor Law could replace neither this widely available and flexible employment nor its role in underpinning the family economy of the poor. There were desultory efforts to encourage migration to the factory districts, though these were hampered by labour mismatches, and were overshadowed by the main thrust of reform which sought to promote social norms that would reduce pauperism: prudent marriage; fewer children; less illegitimacy; disciplined breadwinners.

Technological displacement in the past and the present

The technological change we have considered was brutal. There was no policy intervention to help our displaced workers – indeed, despite the astonishing numbers involved, they have been overlooked by historians as they were by contemporaries. But the spinners' case underlines some of the reasons why technological shifts can create long-lasting pain.

Jobs lost and jobs created as a result of technological change usually diverge in location and organisation, making simplistic solutions – like taking work to the workers or workers to the work – problematic.

Moreover, technological change can impact not only workers with clear occupational titles, but part-time, seemingly peripheral workers whose earnings might be low but are nonetheless meaningful. These workers are less visible and their unemployment can be further disguised by absorption into the family.

These implications take us off the shopfloor, but are a significant component of the social change that accompanies technological innovation. In this way families can be disrupted by technological unemployment, producing second-order effects on the demand for social services and welfare.

Finally, technological change is almost always combined with organisational change that may be equally disruptive to working lives.

Let us take the hand spinner's tale to heart and not overlook her modern counterparts in the changing world of work.

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The Interview

Rana Mitter

Rana Mitter is Professor of the History and Politics of Modern China, at the University of Oxford. He was elected a Fellow of the British Academy in 2015.

On understanding China– past, present and future

You were born in Cambridge, where your parents were academics. Was it always destined that you would end up in the academic world yourself?

When I was born my father was a research fellow at Churchill College, Cambridge, and in fact my mother was finishing off a PhD at Cambridge at the same time. For quite some time, the one thing I was determined not to do was become an academic. The fact that I have perhaps shows that destiny is not always something you can shrug off. Certainly, having two very inspiring academic exemplars in the family must have had some effect, even if the initial reaction was to run fast in the other direction.

The conversations that I had with my parents ranged very widely. My mother was an economist, my father is an art historian, so we were not stuck in one groove when talking about things, and there was a lot of interplay between different subjects. That did push me towards studying something that was outside my own experience, rather than something that was already familiar.

In 1988, was Chinese the obvious subject to study at university?

For those of us who grew up in Britain, in the late 1980s China was a very remote place, much more so than it has become in subsequent years. Deciding to study China appealed to my desire to do something that was very unfamiliar.

I remember as a sixth former visiting Cambridge, where I would do my undergraduate degree, and speaking to someone who I would come to know very well – Glen Dudbridge FBA – who sadly passed away in 2017.[2] He did an extremely effective job of talking to a group of callow sixth formers who thought they might want to study what was at that time quite an unusual subject, and persuading them that it was a worthwhile thing to do. In fact, I had thought that I might mix studying Chinese with a European language. He said, 'No, you have to go the whole way. China is not something you can do half-heartedly. You have to dive in fully.' That was an intriguing challenge.

So your initial interest was in studying the language?

The language was one of the primary incentives, largely because I did not know anything about it. It did not look anything like any other language I had studied. And I had heard about the rather mysterious idea that Chinese words had tones, and that the tone in which you speak them can vary the meaning. All of these things were so different.

Since then, the language has been a gateway to a whole variety of more detailed understandings, such as history, society, culture and politics. However, the language did come first.

You definitely moved into Chinese history for your doctorate, which was on 'The Japanese occupation of Manchuria, 1931 to 1933'. Why did you pick that subject?

It was a classic PhD – supervised by Hans van de Ven FBA – in that it looked at a really quite small period of time and tried to drill down into it in immense detail.

It was about a part of Chinese history that was not talked about much in China, let alone in the West. If this period in the early 1930s in Manchuria is known at all, it is in the context of the disintegration of the League of Nations: people have some idea that Manchuria was invaded by the Japanese in 1931, and the British and the US governments didn't respond very much.

I wanted to explore in more detail the question of what the people who lived in Manchuria thought about it, and how they reacted to being invaded. There was a nationalist mythology in China that people bravely resisted the invaders, but were crushed. Having read about the way in which France was supposed to have reacted when it was invaded by Germany in 1940, and how people actually did react on the ground – which was often much more nuanced, everything between resistance and collaboration – I was fascinated to find out whether this might be the case in that part of China as well.

The projects I have done have all looked at some thread in modern Chinese history that has been under-studied or underplayed in the dominant narrative, and tried to pick away at that. The stories you have to dig out from under a carapace of historical dust and rubble often tend to be much more interesting than some of the subjects that have perhaps been gone over again and again.

1   Wilt L. Idema, 'Glen Dudbridge, 2 July 1938 – 5 February 2017', *Biographical Memoirs of Fellows of the British Academy*, XVII, 1–18. Dudbridge was elected a Fellow of the British Academy in 1984.

The British Academy helped you to do research in China in 1997, and in China and Taiwan in 2000. What was the value of those visits?

I remain immensely grateful to the British Academy. Through its exchange schemes with partners in both mainland China and Taiwan, it provided the chance for me – and many other junior scholars – to go out to the region. And it provided an introduction to the major academies both in Beijing and Taipei, giving an entry point to visiting libraries and archives.

The late 1990s and early 2000s was a period in which archives in China were relatively open. If you had the right ID you could go in, search the catalogues, order things up, photocopy. So you had more opportunity to see what was available on some often quite dusty shelves, and to make your own discoveries.

Sadly that is something that has become harder rather than easier in the years since then. As I supervise a new generation of doctoral students in Chinese politics and Chinese history, I do feel that they are lacking some of the opportunities that our generation was given 20 years ago.

You have continued to pursue that interest in the war against the Japanese in China.

The Second World War in China is still a relatively untouched field compared to the European and Pacific theatres of war. Hans van de Ven has been a pioneer in demonstrating that China's contribution to the war was much more significant than many people had previously proposed.

In 2000 I published my study of Manchuria in the early 1930s, which was a prelude to the war. Then in 2013, I published the book *China's War with Japan, 1937-45: The Struggle for Survival*. It concentrated on political and social history, and was as interested in the fate of the nameless refugees on the ground as in the major leaders of the time – Mao and Chiang Kai-shek.

A lot of your recent work has been on how China is now revisiting its own narrative.

China's enthusiasm to shape its own historical narrative to serve the present has always been there, ever since the days of Chairman Mao. However, we are now at a moment of particular purpose in the current government's attempt to do this. You can see this both in a proactive way, and also a negative way.

The proactive sense is that there is a much wider project to define what Chinese nationhood is. Xi Jinping, the President of China, has called it 'the great rejuvenation' or 'renaissance' of the Chinese people. It is made very clear that understanding the longer historical trajectory of China – which would include everything from the philosophy of Confucius to remembering more recent wars and conflicts that have shaped China – creates a narrative where China comes from a relatively backward past to, he would argue, a technologically enabled future, which is controlled by the Communist Party.

However, there are also many signs of fear and apprehension about aspects of history that spoil this narrative. China has recently issued an edict against 'historical nihilism'. Anything that runs up against the historical myths that have been created, or against the idea of the inevitable victory of the Chinese Communist Party – perhaps speaking about the victory of the communists over the nationalists in the Civil War of the 1940s in the wrong tones, or speaking ill of the pantheon of dead communist heroes – any of these might trigger a charge of historical nihilism. The explicit use of the word 'historical' clearly shows that the Communist Party regards cleaving to the correct historical narrative as an integral part of who they are today and what they want China to be.

You have been particularly interested in China's narrative of its own role in the Second World War, and the way it is now exploiting that politically.

In all sorts of aspects of Chinese life – whether in museums, television programmes, or indeed video games – you can find references to the Second World War. In Britain, we sometimes think we are overly obsessed with the Second World War – think of those recent films on Dunkirk and Winston Churchill. However, the Chinese are not far behind us. Movies about the Second World War come out on a regular basis: there is a new one starring no less than Bruce Willis, with the bombing of the wartime capital of Chongqing being recreated on screen.

What China contributed to the Second World War does deserve to be better known. Statistics are still not as accurate as we might wish, but we have good reason to believe that 10 million or more Chinese soldiers and civilians died during the years of the war, which lasted from 1937 to 1945, having started two years earlier than in Europe. Some 80–100 million Chinese became refugees in their own country. And the painstakingly built infrastructure of China – railways, roads and factories, essentially all still in development – was smashed into pieces in those eight years of all-out war.

On the flipside, we should remember that more than half a million Japanese troops were held down by

Chinese troops in the early years of the war, meaning that some meaningful opposition to Japan in Asia was continued. If China had given up the ghost in 1938, as was entirely possible, then the whole history of the Second World War might well have been very different.

These facts are still not well enough known in the West. In the last decade or so, the Chinese have come to recognise that Western lack of understanding, and have become increasingly displeased, feeling that the Chinese contribution to a genuine global victory has not been sufficiently acknowledged.

And it has also been noticeable in the last 10–15 years that the Chinese government has been using the history of the Second World War to make particular geopolitical points in the present day.

To give one example, in 1943 Churchill, Roosevelt and Chiang Kai-shek met in Cairo to plan the war in Asia. It was the only major conference at which the Chinese leader Chiang was a player. In strategic terms, Cairo was not overwhelmingly significant, but symbolically having a non-western leader sitting with Churchill and Roosevelt was of great importance. At the end of the conference, a communiqué made various statements about the restitution of land seized by the Japanese. Seventy years later, in 2013, the Chinese government started to push very hard with news reports about how the legacy of the Cairo conference had not been implemented, because of various pieces of territory – including the disputed islands known to the Chinese as the Diaoyu and to the Japanese as the Senkaku, which sit almost equidistant between China and Japan in the East China Sea – still deserved to go back to China. And as proof they cited the communiqué at the end of the 1943 Cairo conference – which had many western diplomats and historians scrambling to re-read it.

I'm addressing some of these issues in the book I'm currently writing, about the memory and legacy of the Second World War in China.
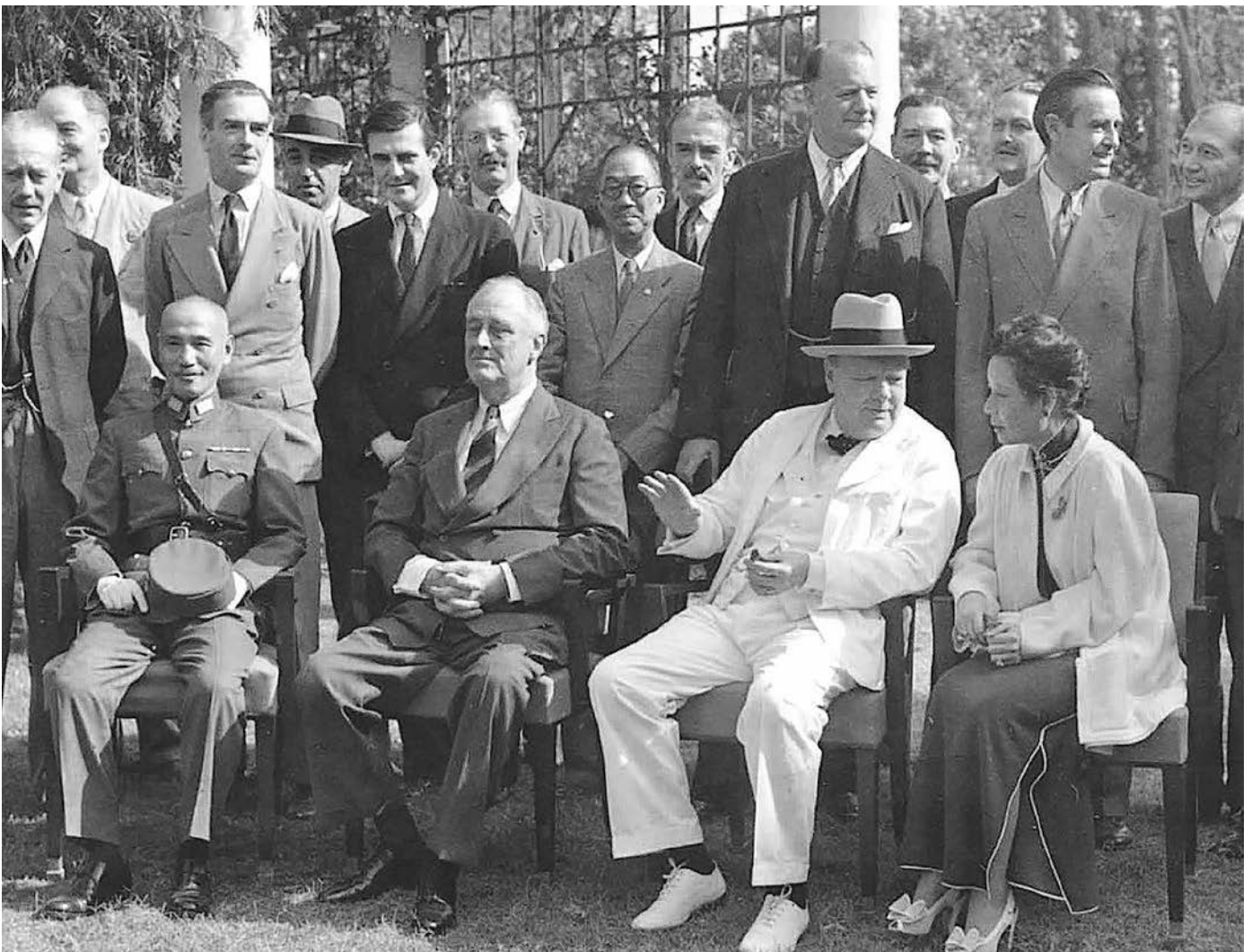
Chiang Kai-shek, Franklin D. Roosevelt, Winston Churchill and Madame Chiang, at the November 1943 conference in Cairo. Seventy years later, the Chinese government would cite this conference's communiqué in its claim that certain territorial issues had still not been resolved after the Second World War.

As well as studying these very specific subjects, you have published *Modern China: A Very Short Introduction*, which is a different sort of task. It came out in 2008. Were you doing it for the Beijing Olympics?

Oxford University Press approached me to write a book in its *Very Short Introduction* series. The challenge is that you have to cover your subject in an informed and academic way, but accessible to a general reader, and in no more than 35,000 words. It is famously said that it is much harder to write a short book than it is a long one, particularly one with no footnotes.

I didn't actually have the Beijing Olympics in mind, but I did have a sense that this was a good moment. The 2000s was when we in the West first began to realise that the China story, economically and geopolitically, was going to make a big difference. Those who kept an eye on the newspapers, even if they were not China specialists, obviously knew that it was a big and important place. However, the aftermath of Tiananmen Square in 1989 had turned a lot of people off China, because of the violence shown by the Chinese state.

The 2008 Beijing Olympics was symbolic not only of the wider change that China was making in global society and the economy, but also of its intention to become a major, more confident power that was going to play a wider role in the world.

You produced a second edition of *Modern China* in 2016. Why was that the moment for a new edition?

In terms of China's role in the world, it really was high time for a revision. The event that was just coming up when the first edition was published in 2008, but whose full implications had not become clear, was the global financial crisis. In retrospect, we can see that China took a very different path from many of the Western economies. Rather than going for austerity spending, rather than primarily propping up the financial sector, China created its own credit boom. It realised it was going to move away from being a major exporter on the scale it had been in the 1990s. Instead, it recreated itself as a place that stimulated its domestic economy.

The financial crisis was part of the motivation for creating the China that many people who have visited in the last decade have seen: the huge skyscrapers, the high-speed rail systems, the metros and subways in every city, the airports. It was an opportunity for China to create the 21st-century infrastructure that it wanted to have anyway. The difficulty it has now, of course, is that these are not infinitely extendible projects; there is a limit to the number of airports, railways and high-speed links you need.

However, the importance of those eight years, between the first and second editions of *Modern China*, was really about that moment when China moved from being *a* major world economy to being one of the three most important economic actors in the world, along with the United States and the European Union.

Chinese President Xi Jinping speaks at the podium during the unveiling of the Communist Party's new Politburo Standing Committee at the Great Hall of the People on 25 October 2017 in Beijing. *Photo: Lintao Zhang / Getty Images*

How much has already changed since the second edition of *Modern China* in 2016?

The change in Chinese government since Xi Jinping became President in 2012 has been remarkable, both in its speed, and in its penetration of society. The second edition was published at the end of Xi Jinping's first term. Since that was written he has ended the constitutionally mandated convention that Chinese presidents would only have two terms, 10 years in total. A third edition would have to cover this return to a more personalised system of rule, where what matters is the ability of a paramount, charismatic, but also highly authoritarian leader to lay down the law as to how the country is going to operate.

Some of the consequences of that will need longer to play themselves out. Does this mean, as there have been some signs emerging in the last months from the Chinese internet, that there is maybe a nervousness amongst his rivals? People who think that the leader will be out in 10 years can plan for the phase afterwards. If the leader may be there for a long time, two decades or more, people will think rather differently. If they have ambitions of their own, how can those be expressed?

And if China's economy does not continue to grow at a steady rate, and provide the kind of economic underpinning that pays for things like welfare benefits, the infrastructure I have talked about, and the higher education and research and development that China is very much pushing into its next phase of development – if those things start to crumble or weaken – then people might look again at the system of governance that China has.

So what do you think is likely to happen in China?

At the moment, China is in a very potentially productive, but also quite fraught, situation. It has avoided some of the economic traps that have happened in the West, but it has that credit boom running. It needs to restructure its economy in some quite serious ways. And of course it is choosing to celebrate the fact that it has an authoritarian system of government, which does not have the sort of give-and-take that a democratic system would do.

If Xi Jinping can solidify his rule and stabilise the economy for the next few years, he probably has a quite effective chance of demonstrating that an authoritarian society can also provide the sort of consumer benefits that have previously been thought of mainly as the product of a social democratic and liberal society.

The current trade war between China and the US is a threat to those plans, and it remains to be seen whether China's huge domestic market is sufficiently large to overcome the effects of tariffs, or the potential anti-China effects of the new US-Canada-Mexico trade agreement currently going through the US Congress.

If Xi Jinping fails, that means that the second biggest economy in the world, which the rest of us depend on in terms of it being built into the global financial and economic system, could end up affecting our prosperity in the West as well. So the stakes are very high – for China, and for the wider world too.

At the moment, my sense is that the economic problems of China are real and big, but manageable. Of course, what we all know is that predicting what will happen to *any* economy is one of the hardest things to do, even if you have a great deal of historical precedent to fall back on. In the end, this will be one of the great narratives of the next decade to come, the ending of which we genuinely cannot see at this point.

Also looking ahead, we are in an interesting position in terms of possible future relations between the UK and China.

At the moment, part of the conversation in the UK about China is a product of a wider conversation about one of the great unknowables – the effect of Brexit. In that context, the way in which the global system of geopolitics, trade and security interacts amongst its constituent parts has become much more urgent for this country.

For a long time the relationships were quite clearly drawn. The United Kingdom was firmly inside the European Union, which was itself part of a wider trading and security network, which included NATO and the Asia-Pacific American alliances. Sitting up against that was the Soviet Union during the Cold War, but also a rapidly growing China.

We now find ourselves in a very different set of relationships, and the UK will have to make choices about its strategic partnerships. If, as some have advocated, Brexit means doing more effective trade deals with China, the UK may not find the price entirely comfortable – such as increasing the number of visas provided to Chinese students or businesspeople, or allowing China to invest more fully into various parts of the UK economy, potentially including security-sensitive areas. Any Chinese investor would be interested in areas such as national infrastructure and aerospace. The UK government has made it clear that there are security considerations that will need to be taken account of. But it will no longer be possible to use the overarching policy and clout of the European Union to mediate such issues.

The United States provides the flipside. For a very long time, it has been assumed – very naturally – that the US will remain a reliable security and economic partner for the United Kingdom. At least as it stands now, there is no automatic assumption that President Trump is going to stick to the multilateral trade deals, and the defence relationships that have been part of Western alliances during and since the Cold War.

There therefore needs to be a set of conversations about how the relationship with China, and the

relationships with the United States and other actors, all interact with each other. Such conversations have only just begun. The overwhelming nature of the 'exit' phase of Brexit has been so dominant that there have been almost no carefully thought-through proposals about what is supposed to happen in the phase afterwards. We need a more proactive nurturing of such long-term forward-looking conversations than has happened so far since 2016. And in this, an institution like the British Academy could have a lot to contribute, helping to provide an understanding of different contexts from across the social science and humanities sides of its Fellowship.

As someone with a historical perspective, you are obviously now in a position to engage in current policy issues. How much do you find yourself in demand for your opinion on China in the world today?

I have been pleasantly surprised by how much people seem to be interested in Chinese history, as a way of trying to understand China's role in the world. I am lucky to have had for the last few years a regular column in the *South China Morning Post* in Hong Kong; and in a world of internet-based media, being published in Hong Kong does not mean that you cannot have your work spread elsewhere. The discipline of putting forward an argued view in 800 words rather than 8,000 is often a good way to try and make various points.

One of the more whimsical pieces I did was on whether the historical model for current Chinese President Xi Jinping was not Chairman Mao or the Kangxi Emperor, but in fact Charles de Gaulle – another figure who had a certain idea of his own country and a very strong personal sense of where he wanted to lead it.

It has also been both very interesting and a great privilege to run Oxford University's China Centre, which opened its doors in 2014, and to be its Director. We have a fantastic building, built with the help of kind donors to the University, where we can host a variety of conversations about why China matters to us all. We have had great forums on issues such as China's dominance in the South China Sea, China's growing role as it puts forward its 'one belt, one road' economic policies in the Asia-Pacific and Eurasian regions, and of course the future relationship between China and Brexit Britain.

You obviously think it is important that academics should be communicators. And you yourself have done a lot of things on the radio.

Specialist research is the vital underpinning to any kind of communication, and that research is often not accessible to everyone, having its own specialist language and needs. I think we sometimes underplay that these days. But a tremendous amount of what academics do, particularly humanists and social scientists, can and should be communicated widely.

In 2011, I had the good fortune to combine my own academic interests with a wider communication role when I had the opportunity to interview Henry Kissinger for BBC Radio about his recent book, *On China*. I was able to ask him questions that perhaps were not the ones a political journalist would have asked. And it enabled me to find out a bit more about how one of the principal players viewed the opening up of the relationship between the United States and China in the early 1970s – in retrospect, an immensely important geopolitical moment.

And earlier in 2018, I did a series for Radio 4 called *Chinese Characters*, which went out as a lunchtime programme over a couple of months, and is still available on the internet. It was enjoyable to take some academically derived and specialist knowledge about China, from its more ancient past (which is not my research specialism, and I ended up learning a lot more about) to the present day, and using that to say something to a wider audience about why Chinese history might matter to them.

You also host the *Free Thinking* programme on Radio 3. How did you get into that?

It has been an exciting experience over the last decade having a role as a communicator of ideas through BBC Radio 3's *Free Thinking* programme – which some readers may remember in its older days under the title *Night Waves*. It is now even more popular as a podcast than as a broadcast programme, and has a very wide international audience. I have had messages from listeners everywhere, including a Buddhist group in New Zealand and the British ambassador in Pyongyang.

For some years I had provided 'talking head' contributions about China-related matters to a variety of news and cultural programmes on the BBC. About 11 or 12 years ago, the then-editor of the programme asked if I would like to have a go at presenting the programme rather than simply speaking as a guest. From that I gained more experience in talking about a variety of topics, ranging far from my own specialisation. It gives me an opportunity to read and learn about things I might not otherwise know, but also – and this has been part of the great pleasure – an ability to engage with academic colleagues in areas that are not my own, and get them to explain to a wider audience why their research – in history, philosophy, social science, or whatever it might be – really does matter for our wider understanding. Over this time, the world of academic life and the world of broadcast media and podcasts have come much closer together.

Of particular significance has been the New Generation Thinkers scheme, run by Radio 3 and the

Arts and Humanities Research Council, which has become a well-established part of universities' calendars. Out of many hundreds of entrants each year, 10 younger academics – PhD students or early career researchers – are chosen, and given a year's worth of exposure and experience to put their work in front of an audience on Radio 3 and beyond.

It has been a really enjoyable part of my *Free Thinking* experience to work with those New Generation Thinkers as they try to explain sometimes quite obscure academic ideas. It is great to see that there is a younger generation which, frankly, is far more confident than my generation was 20 years ago – feeling that what they have to say is important, and actively and enthusiastically seeking to talk about it.

That is a very fruitful combination – of the rich academic life that exists in the UK, and the rich experimental media ecology that the BBC can nurture. Very few other countries would have those two elements to come together in such a productive manner. We could certainly do more to celebrate that.

But I do go back to my earlier point, that there is still a great deal to be said for the hard-core of what academics such as historians do – reading large numbers of relatively obscure documents, often in odd languages, or looking at books that have not been checked out of a particular library for perhaps a good number of decades. That will always remain the central core of what academics do.

You were elected a Fellow of the British Academy in 2015. And you are a member of the Academy's International Engagement Committee. How important is the role that the Academy plays in supporting international research?

There are two roles, both of which are important, and which need to be nurtured separately, but in combination with each other.

The first role is about enabling researchers based here in the UK to undertake research overseas. Regardless of your own views on Britain's exit from the EU, the fact is that we are going to have to have a lot of renewed conversations with many parts of the world, which will still include the rest of the EU, but will also include parts with which we have not been so engaged, including in Asia. Many of those conversations will of course be about business and commerce. But many will also need to be about research and shared ideas, not least because a great deal of innovation in areas like economics and government is now beginning to emerge from the Asia-Pacific region. That is why the British Academy/ Leverhulme Small Research Grants scheme is so vitally important for enabling UK-based researchers to go to such places.

Linked to that is the other important role of bringing the academic community from the outside world to the UK. The Academy has long been active in this, and has added new schemes in the last few years. To take the example that I obviously know well, there is tremendous enthusiasm in China at the highest levels of academic life to spend time in the UK. In terms of attracting attention in the right sorts of places, Britain is widely perceived to perform very well in the sphere of education and academia. Having mechanisms by which people from other academic environments can spend time here is a tremendously important investment.

But there is value on top of that. There are countries – and China is one of them – where there are still significant restrictions in terms of what humanists and social scientists can research and talk about. China is much more open than it was in the days of Chairman Mao. But there are certain subjects that are difficult to research in China because of political restrictions. For that reason, enabling Chinese academics to come to the UK, and be exposed to an environment where the discussion of all topics is entirely open and driven solely by research interests, is really important academic engagement – of great benefit for both sides.

Rana Mitter was interviewed
by James Rivington.

Books by Rana Mitter

The Manchurian Myth: Nationalism, resistance and collaboration in modern China (2000).
A Bitter Revolution: China's struggle with the modern world (2004, paperback 2005).
Modern China: A Very Short Introduction (2008, second edition 2016).
China's War with Japan, 1937-45: The Struggle for Survival (2013).
In preparation: *Memory, Morality and China's Second World War* (planned for 2020).

Thomas Aquinas, music composition, education... and (of course) Brexit

Fellows of the British Academy offer us some thoughts

In the 'From Our Fellows' podcast, Fellows of the British Academy reflect on what is currently interesting them. The following brief give a taste of some recent contributions.

Some constitutional implications of Brexit

Professor Vernon Bogdanor discusses some effects of leaving the European Union.

What membership of the European Union has done is to shift power not only from Westminster to Brussels, but also from Parliament and government to the courts. All that will be lost when we leave the European Union. So will the protection of the European Charter. Now, one of the most effective slogans of the Brexiteers was 'Take back control.' But that control will not go to the courts; it will go to Parliament. But under our system, government almost always controls Parliament. Will we then return to a system which was characterised in the 1970s by the Conservative statesman Lord Hailsham as one of 'elective dictatorship'? The truth is that Brexit will expose the fact that, almost uniquely among modern democracies, we have an unprotected constitution, one that Parliament – and, in reality, government – can alter whenever it wishes.

Composers and performers: who does what?

Professor Eric Clarke, who conducts research into the psychology of music, considers how credit should be shared in musical collaborations.

[There is] a very widely shared and rather deeply seated cultural prejudice, you might say, which is that we attribute the creativity very much to the composer, and the performer is simply the executor, as it were, of the composer's wishes. This clearly has not been the case historically. Brahms and Mozart both collaborated enormously with their singers and performers over the music that they created. And it certainly and emphatically is not the case in the 20th and 21st centuries, where a great deal of what comes out in the end as being the work attributed to a single composer is something that has come out of a far more collaborative process than we generally give credit for.

Why you shouldn't read Thomas Aquinas (only)

Professor John Marenbon urges us to ignore the view that Aquinas is at the heart of medieval philosophy.

The 'Aquino-centric' perspective distorts the whole way in which medieval philosophy is approached. One of the greatest glories of medieval philosophy is its breadth, range and diversity. Seen from the Aquino-centric perspective, however – and this is how most people, whether beginners or specialised students look at it – medieval philosophy becomes narrow and monolithic, chronologically, geographically, stylistically. People usually think of the Middle Ages as lasting for roughly a millennium, from about 500 to about 1500. But the Aquino-centric perspective leads to the neglect of almost everything except for the century 1250 to 1350 in which Aquinas's career is situated. The daring logic of the 12th century, the innovative Aristotelianism of 15th- and early 16th-century Italy, to say nothing of the 9th-century Eriugena's metaphysics – all of these and much, much more are pushed into a penumbra.

Education, education...

Fellows of the British Academy are also regular contributors to the online open access *Journal of the British Academy*. Two recent articles have considered different aspects of education.

The article 'The tragedy of state education in England' by *Professor Stephen J. Ball* 'is a reflection on the current incoherent state of education and education policy in England. It articulates a strong sense of my discomfort, disappointment, and frustration with the state of the English school system, or rather the lack of system, and with the educational state itself. ... To call the school system a system suggests more coherence than is deserved. Rather than a system we have, and have had since its inception, a rickety, divided, unstable, and often ineffective, but nonetheless overbearing, educational apparatus.'

And *Professor Meric S. Gertler* brings some broader geographical perspectives to bear in his discussion of 'Higher education in turbulent times'.

Further listening

www.thebritishacademy.ac.uk/from-our-fellows

Further reading

www.thebritishacademy.ac.uk/journal-british-academy

Re-thinking remembrance

Hew Strachan reflects on four years of commemorating the First World War

Sir Hew Strachan is Wardlaw Professor of International Relations at the University of St Andrews, and Emeritus Fellow of All Souls College, Oxford. He is on the UK, Scottish and French advisory committees for the centenary of the First World War. He was elected a Fellow of the British Academy in 2017.

When on 11 October 2012 David Cameron announced the government's plans for the centenary of the First World War, he stated his determination 'to build an enduring cultural and educational legacy, to put young people front and centre in our commemoration and to ensure that the sacrifice and service of a hundred years ago is still remembered in a hundred years' time'. Some responded with cynicism. For Scots, facing a referendum on independence, this was the Westminster government draping itself in the Union flag; for socialists, where were the references to Red Clydeside or to the growth of the trades unions, rent control and progressive taxation which the war had promoted? Some, including originally the government itself, had doubted the public stamina for a four-year commemoration. They thought it wiser to postpone national involvement until 2018, to mark the war's end and not its beginning. Six years on, at the centenary of the armistice with Germany, it is time to take stock, both of the last four years and of how Cameron's aims have been fulfilled.

At the outset, the government was clear that its role was not to engage with the controversies around the war's causation, conduct or conclusion. Although fine in theory, that is much harder to achieve in practice. How events are popularly interpreted today does more to shape their commemoration than do the perceptions and preoccupations of those who experienced them at the time. In 2014 Britain had to allay German worries that the centenary of the outbreak might lead it to reprise the issue of war guilt. In 2016 the national commemoration of the battle of the Somme did not mention Douglas Haig,

still a national hero at his death in 1928. (Ferdinand Foch, whose appointment as allied commander on 26 March 1918 was honoured by an event in London, is the only general the government has formally recognised.) However, the biggest challenge always lay ahead: how to approach 11 November 2018, simultaneously Armistice Day and Remembrance Sunday, a day of celebration in 1918 and a day of reflection and solemnity ever since. All involved in the programme of the last four years have been determined to avoid any note of triumphalism, but the risk seemed to be particularly great at its culmination.

Part of the answer was in part to separate victory from remembrance. During the hot summer of 2018 I accompanied an international group of school pupils on a battlefield tour organised by UCL's Institute of Education, the body responsible for the Westminster government's package of English school visits to the western front. The trip's high point was the event in Amiens Cathedral on 8 August 2018 to commemorate the allied victory a hundred years before. Here the threat of national tub-thumping was conspicuous only by its absence: the occasion was conciliatory, international and resolutely secular, although staged in a great house of worship. Nobody asked whose side God was on. On the return I asked the pupils what they had drawn from the previous four years. Their answers, which echo those given at other events for schools, spoke of the need for 'more remembrance'. Rather than feeling satiated by such a protracted programme of events, they were still hungry.

This was random sampling among the already committed, not a scientific anal-

ysis, but it may surprise some. Today's students do not even remember the Cold War, let alone the First World War. The prevailing assumption in 2012, both in government and in organisations like the BBC, was that the centenary of the First World War would appeal not to youth, connected by the internet and social media, and both ethnically and culturally more diverse than British society in 1914, but to older, white males of a middle-class background. However, to the more reflective, that too could look counter-intuitive. Today's 70-year-olds were the students of 1968. In France at least they had refused to honour the sufferings and sacrifices of their grandfathers, and by the 1970s the rituals of remembrance were losing support, not least in Australia and New Zealand where they were linked to the Vietnam War. For reasons that are not self-evident, the trend went into reverse from the mid-1980s, and today the commemoration of the First World War is not the monopoly of any one group, and certainly not the exclusive preserve of the state and its armed forces. Its power lies in its capacity to unite more than divide.

The original energy in the 'remembrance' of the Great War came from bottom-up, not top-down. The government's national programme responded to local groups, based around villages, towns and churches, which were determined to mark the centenary, and which used local war memorials as their departure points. They embraced schools, many of which also have war memorials. Although the First World War is not a mandatory element of the national curriculum in England or Scotland (unlike France), school-age children read the books of Michael Morpurgo and have been visiting the battlefields with their teachers since the opening of the Channel Tunnel. Nonetheless, the point remains: what do school pupils mean by 'more remembrance'? What is it that they are remembering, and what will they achieve if they do more of it?

Nobody now alive remembers the First World War; what we remember is how we remember, or rather how we commemorate. Remembrance is individual and reflexive (in French 'je me souviens'), rarely collective, and certainly (as Jay Winter has pointed out) not national. It is prompted in each of us by such associations as sight, sound and especially smell. Even if we were all surviving veterans of the First World War, we might find those cues elusive today. We have lost the sounds of the war because we have no recordings of artillery fire at Verdun or on the Somme. The odours of cordite, gas or urine are absent from the surviving and sanitised trenches of today's western front. Even the visual stimuli lack a direct connection. The war's film and photography, although abundant, are overwhelmingly monochrome: the luminescence of the Autochrome colour prints taken by French army photographers are stunning exceptions. When today's students visit the western front, they see not so much the battlefields as cemeteries. The prompt to 'remember' is the built landscape created in the aftermath of the war by the Imperial (now Commonwealth) War Graves Commission. Back in Britain, what we experience collectively are the rituals of mourning, the Cenotaph, the two minutes' silence, the Unknown Warrior, and the wearing of poppies, all established amidst deep controversy after the war, in the early 1920s. They have lasted and, because they have been extended to all subsequent wars, they are annually renewed. They are now vehicles for remembrance for those who have lost relatives in more recent wars; what they do for the First World War is not remembrance, but memorialisation, and they venerate those who died (12 per cent of those who served in the British armed forces) over the majority who fought and who may have been wounded, but survived.

What we call 'remembrance' is therefore the single most effective and affecting cultural artefact left from the First World War. In 2014, given the sedate pace of a four-year commemoration, it threatened to turn the centenary into a cycle of successive Remembrance Sundays, and it seemed more sensible – at least to historians – to approach the war chronologically. In 1914, nobody knew what lay ahead. But in 2014 the public – and the state – did what was familiar. It rushed to 'remember', so taking the narrative from the beginning to the end of the war and inverting the experience of those whose lives we were memorialising. On 4 August 2014, the Commonwealth service at Glasgow Cathedral to mark Britain's entry to the First World War was followed, at the behest of Glasgow City Council, with a service in George Square at the Cenotaph. Designed by John James Burnet and unveiled in 1924, none of those it memorialised was dead on 4 August 1914. It had nothing to say of the uncertainties and apprehensions of the war's outbreak. It replaced the open-endedness of ignorance with the finality of certitude.

That point applied with equal force to *Blood Swept Lands and Seas of Red*, an installation designed by Paul Cummins and Tom Piper, which culminated in November 2014, when the last of 888,246 ceramic poppies, one for each serviceman from the British empire killed in the

In 2014, the public queued to view the 'Blood Swept Lands and Seas of Red' installation by ceramic artist Paul Cummins and theatre stage designer Tom Piper in the Tower of London moat. *Photo: Loop Images/UIG via Getty Images.*

war, was placed in the moat of the Tower of London. It ignited the public imagination as did no other centenary moment, and it both confounded the historical purists and silenced those who doubted the appetite for a four-year programme. The prime minister reacted to the mood by opposing the original intention that it be dismantled after Remembrance Sunday 2014. Over the next four years parts of it toured the country, from Kirkwall to Plymouth, and it has been given a permanent home in the Imperial War Museum.

The poppies at the Tower demonstrated that 'remembrance', not history, was the path into mass public engagement. Memory can be an unreliable source, as historians know only too well. In the 1920s the veterans of the First World War

The poppies at the Tower demonstrated that 'remembrance', not history, was the path into mass public engagement.

established their authority as witnesses to events which others could not understand because they had not directly experienced them. They claimed to speak the truth, but sometimes they chose to be selective and at others they glossed their reminiscences with the wisdom of hindsight. Knowledge of these inadequacies has not dimmed the power of their testimony, but they present a challenge which the centenary has had continuously to confront. The voice of Britain's last surviving veteran of the war, Harry Patch, was projected onto the wall of the Cloth Hall at Ypres at the national commemoration of Passchendaele in 2017. He said that this was the worst experience of the war; what he meant was that it was *his* worst experience since he had no other, as he was only in the front line for six weeks.

The distinction between memory and history, while clear, should not lead historians to dismiss the cult of 'remembrance'. Not only has it become the route by which many enter the study of history, but it is also a powerful educational tool in its own right. The questioning of received wisdom or of an imagined past can become the path to deeper understanding. In its ideal form, remembrance leads to engagement and then to enlightenment. As a result of the four-year centenary, the public has acquired a deeper and more nuanced knowledge of the First World War than it possessed in 2014. School chil-

dren returning from trips to France have challenged the knowledge of their parents; analyses of the names of local war memorials have raised awareness of other theatres. The notion of a single 'memory' of the war has been replaced by the realisation that there were many memories because the war contained multiple events, experienced in divergent ways.

'More remembrance' has also achieved something more significant than greater historical understanding. The memory of war can be used to perpetuate and deepen enmities, as it is in the Middle East. Neither the Sykes-Picot agreement nor the Balfour declaration is responsible for all the current ills of the region, whatever ISIS and others may say. In Europe, however, the memory of the First World War has become a vehicle for international reconciliation. France and Germany have seen Verdun as a focus for joint 'remembrance' since 1984; not until the centenary was Anglo-German commemoration of the Great War formalised, most movingly at the service for the battle of Jutland in 2016. In Ireland, where the memories of the Easter Rising and the battle of the Somme were appropriated for sectarian purposes, the decade of conflicts from 1912 to 1923 has today been reworked to create a joint 'remembrance'. We may be right to remember in ways which meet our own needs more than they honour those who have gone before.

Aurel Stein's aerial survey of the Roman Empire's frontier in Iraq and Jordan, 1938–1939

## Karen Syrett draws on the British Academy's archives to tell a pioneering tale

Karen Syrett has been the British Academy's Archivist and Librarian since 2012.

The long hot summer of 2018 has been of great benefit to archaeologists, as the extended dry weather revealed evidence of many ancient sites that could then be clearly seen from the air. Eighty years ago, the veteran explorer and Fellow of the British Academy, Sir Aurel Stein, used the technique of aerial archaeology to survey the borders of the Roman Empire in Iraq and Transjordan.

Born in Hungary in 1862, Stein came to England in 1884 to study oriental languages and archaeology, and became a British citizen in 1904. From 1900 to 1930, he conducted major expeditions to Central Asia, and is perhaps best known for his discovery of the Mogao Caves on the Silk Road near Dunhuang. Ever adventurous, Stein had spent years uncovering artefacts from hostile terrain. He was recognised for his contribution to archaeology by election to the Fellowship of the British Academy in 1921. But it wasn't until 1938, at the ripe age of 75, that he explored ancient sites from the air as well as the ground.

Stein was inspired by the pioneering work already accomplished by the French archaeologist, Antoine Poidebard, who had used aerial surveillance to identify the ancient Roman frontier in what was then French-controlled Syria. The Roman frontier (*limes* in Latin) demarked the extent of the Roman Empire – a characteristically straight road enabled the efficient transportation of goods and troops, with small forts (*castella*) at regular intervals to provide security against invasion. Stein determined to continue the work begun by Poidebard by tracing the *limes* in British-controlled Iraq and Transjordan. Aerial reconnaissance revealed remains that were not always visible at ground level, thus enabling Stein to achieve in weeks what would normally have taken years.

Before the survey could begin, Stein needed to garner the support of various agencies. In 1935, Sir Frederic Kenyon, in his capacity as both Secretary of the British Academy and President of the Society of Antiquaries, provided a statement of support – pointing out how 'very unfortunate' it would be if the least adequately mapped part of Rome's eastern frontier 'were that for which Great Britain is responsible'.[1] Stein was then able to secure the services of the RAF and the Iraq Petroleum Company.
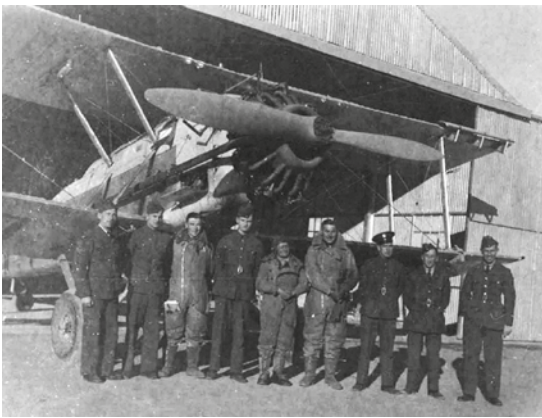
Top: Sir Aurel Stein in flying gear
Middle: Stein and crew in front of the Vickers Vincent biplane
Bottom: One of the temporary camps, at Khan-as-Sur on 2 April 1938.
(Photos: ASA/3/708; ASA/3/704; ASA/3/72)

With his crew and transport assembled and permission granted to work in the area, Stein was finally ready to make his first flight on 8 March 1938. Dressed in a fur-lined flying suit, he took off from Mosul in Pilot Officer Hunt's Vincent biplane. The Vickers Vincent was ideal for Stein's purpose: 'of moderate speed and skilfully piloted, it gave me while standing in the observer's cockpit just that look forward which search of archaeological objects called for.'[2] On that first outing, Stein was easily able to identify from the air the site of Castellum Najm Jaddala, which Leading Aircraftsman Pascoe then captured on film.

From March to May, Stein continued to survey the area by plane and by car. By 4 April, he was able to report 'the discovery of 3 Roman castella which settles the previously unsuspected line of the Roman road connecting the well-cultivated centre of the Sinjar range with the great stronghold of Nisibis.'[3] Six weeks later, he had traced the southern extension of the *limes*, but by now the weather had become intolerably hot, and so the project was put on hold until the crew were able to reassemble in the cooler autumn months.


'Castellum Najm looking north-east', photographed on 8 March 1938 (ASA/3/233). In his final report, Stein wrote: 'The location of a Roman *castellum* at Najma ... affords the definite and historically important indication that the route ... was for a time protected by Rome as an outlying section of its Mesopotamian *limes*.'

1   Statement on 'Survey of Eastern Frontier of the Roman Empire', November 1935 (BAA/SEC/2/6/3).
2   Jeannette Mirsky, *Sir Aurel Stein: Archaeological Explorer* (1977), p. 517.
3   Ibid, p. 512.

On 12 December 1938, whilst surveying the ancient sites along the Euphrates, Stein was 'delighted' to see from the air 'an unmistakable Roman castellum, the best preserved I had so far seen. It is known as Qaṣr Khabbāz.' Over the next three days Stein examined the site on the ground, and drew a plan of the *castellum* in his notebook. In the ravine beside the fort a barrage had been constructed – 'showing all the skill of Roman engineering' – to create 'a great reservoir' on a long waterless stretch of the desert highroad. For Stein it was significant that this outpost – solidly built to be 'completely "tribal proof" to borrow an expression from the Indian North-west Frontier' – was 'the southernmost point so far known towards the centre of the Mesopotamian plain and the Persian Gulf where the organizing power of Rome has left its mark on the ground.'[4]
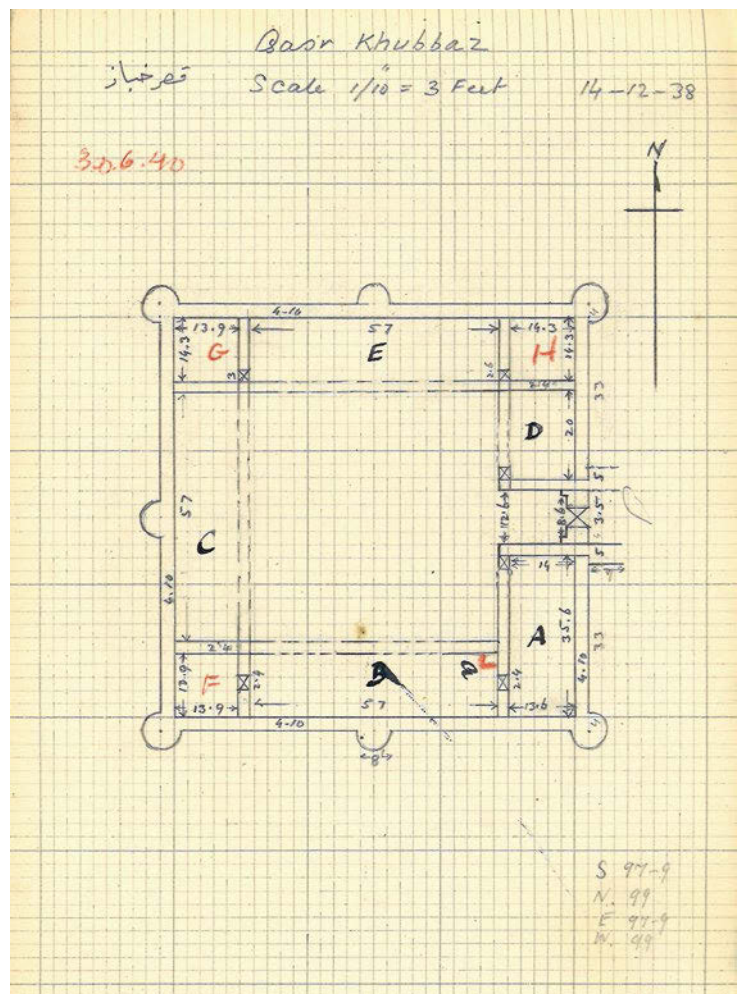
4   Typescript of Aurel Stein's Limes Report (ASA/2/11).

Aerial photograph of Erbil –
what is now the capital of Iraqi Kurdistan –
Taken on 14 November 1938 (ASA/3/248).

On 1 June 1939, *The Times* reported that Stein had now returned to England having completed the survey of the old Roman boundary begun by Poidebard by including the sections in Iraq and Transjordan. The report revealed that, at Erbil, 'Sir Aurel Stein visited the site of the battle of Arbela, and was able to satisfy himself as to the correct position of this spot made famous by the campaign of Alexander the Great.'[5]

Stein published two articles on his aerial and ground surveys in the *Geographical Journal*. But when he died in 1943, at the age of 80, the full text of his *Limes Report* remained unpublished. In 1949 all the materials were in the hands of Kenneth Mason, Professor of Geography at the University of Oxford, and he deposited them with the new Secretary of the British Academy, the archaeologist Mortimer Wheeler FBA. Two Fellows of the British Academy – Sir Ronald Syme and Professor A.H.M. Jones – provided Wheeler with comments on what might be done to prepare the report for publication. But in 1954 the archaeologist David Oates led an expedition to examine and report on the ancient sites observed by Stein; he concluded that more work needed to be done to test the reliability and ac-

curacy of Stein's sometimes 'imaginative' account, and advised against publishing the typescript in its present form.[6]

The *Limes Report* was finally published in 1985, in the *British Archaeological Reports, International Series* (no. 272). This publication was dedicated to Surveyor Iltifat Husain and Pilot Officer Leslie H. Hunt: since the maps and the photographs were what his survey was all about, the volume editors Shelagh Gregory and David Kennedy felt sure that Stein would have approved of the dedication.

Dr Robert Bewley of EAMENA (Endangered Archaeology in the Middle East and North Africa) explains the continuing significance of Stein's achievement. 'Sir Aurel Stein was an indomitable pioneer: building on the work of previous scholars, he paved the way for future researchers. His legacy lives on in that the Aerial Archaeology in Jordan (AAJ) project, established by Professor David Kennedy in 1997, can trace its roots back to Stein. The similarities of working with the relevant air forces continue – Stein with the RAF, and the AAJ with the Royal Jordanian Air Force (RJAF). The AAJ project has had a close relationship with the British Academy, which awarded grants to help set it up in the late 1990s and early 2000s.[7]

The annual aerial reconnaissance expeditions continue, as well as adding other photographic material to the Aerial Photographic Archive for the Middle East (APAAME).'

The Stein aerial photographs held by the British Academy have been digitised and georeferenced, and can be consulted online via APAAME,[8] thanks to Rebecca Repper. She adds: 'The significance of Stein's work is not only in the discovery of archaeological sites, but also the records and collections he left behind. Archaeological methodology and understanding have evolved drastically since Stein's fieldwork, but his written account and prolific photographic and topographical records still provide priceless insights into an archaeologically and culturally rich and diverse landscape. Stein's archive is fundamental to our investigation of the modern landscape, in that we can analyse the historical appearance or locations of sites, monitor the changes, and aim to prevent future destruction of sites that he recorded. The upheaval experienced in this region makes Stein's evidence an even more precious contribution to the archaeological record.

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5   Helen Wang, *Sir Aurel Stein in The Times* (2002), p. 127.
6   Summary Report on an Expedition to Northern Iraq under the auspices of the British Academy', November 1954 (ASA/2/13). David Oates was himself elected a Fellow of the British Academy in 1974.
7   Robert Bewley and David Kennedy, 'Aerial archaeology in Jordan', *British Academy Review*, [5] January–July 2001, 55–57.
8   www.apaame.org; www.flickr.com/photos/apaame/sets/72157631949786668/

Revealing Rome's hidden frontier in eastern Turkey

Timothy Bruce Mitford charts a journey of exploration that has lasted 55 years

Dr Timothy Bruce Mitford FSA is an Associate Member of the Corpus Christi College Centre for the Study of Greek and Roman Antiquity at the University of Oxford, and Commander in the Royal Navy.

For a naval officer, the British Academy Medal is a rare and glittering honour. For me it is much more – it is an Ithaca moment, the ultimate affirmation that my rather longer odyssey has been worthwhile. The search for Vespasian's frontier in eastern Turkey started in 1963, in Ankara, with a Fellowship at the British Institute of Archaeology. And with the publication of *East of Asia Minor: Rome's Hidden Frontier* it is at last complete.

In September, 55 years ago, my valiant co-explorer and I arrived in a small town in the heart of the Antitaurus gorge. I was equipped with the great Franz Cumont's epigraphic notebooks from his journey in 1900 in eastern Pontus and Armenia Minor, a general letter of introduction from Michael Gough, Director of the Ankara Institute, and potassium permanganate and razor blades issued by Mary Gough to deal with snake bites.

That month we floated down the Euphrates on a goatskin raft beneath enormous cliffs, grappled with scorpions and fleas, watched warily for snakes and bears, and discovered the 2nd-century fort of Sabus, and at Zimara a building inscription of Trajan's governor of Armenia.

Only later did I begin to grasp the enormity of the task: to trace mainly on foot an unknown frontier stretching from Syria to the Black Sea, seven times the length and (where Xenophon looked down on the sea) seven times the altitude of Had-

rian's Wall, crossing four great ranges in a remote region scoured by centuries of destruction, and hidden by recent horrors, Kurdish sensitivities, and a difficult language; and to navigate between the whirlpool of Turkish bureaucracy and security, and the rock of British archaeological self-interest. There have been adventures and frustrations, and the task has at times seemed endless.

In 1966 I followed the Roman road for three days over the Antitaurus, and in 1972 with a mule walked for a week through the Taurus gorge.

But the largest challenge has been Armenia Minor, lying mainly in the *vilayet* of Erzincan: prickly with memories of the Armenian massacres, friction between Sunni Turks and Alevi Kurds, and brutal interactions between jandarma [Turkish Army Commandos] and PKK [Kurdistan Workers' Party] groups infiltrating across the Euphrates.

In 1984 I was denounced, and with my redoubtable sergeant arrested at gunpoint as an Armenian spy. In 1987 I was able to trace the main frontier road leading east for two days over the high Çimen mountains to the legionary fortress of Satala. There I stayed again with the headmaster, who knew every surviving inscription; and walked south along the alternative frontier road and over the high Sipikör pass to Erzincan.

Guarded in 2000 by a Special (Com-

The Kara Mağara *köprü* ('black cave bridge') across the Arabkir Çay,
Photographed in October 1963.

mando) Team, I was following an un-known section of the Roman frontier road high above the Euphrates when figures appeared like Apaches on surrounding hilltops: not watchful shepherds, as my sergeant thought, but a score of village guards, issued with Kalashnikovs by the Turkish State, and about to open fire. Happily unaware, we later discovered a kilometre-long traverse carved out of sol-id marble.

In my 1987 report to the British Acade-my, I wrote,

> My research was conducted under almost continuous, and usually armed, escort. To keep up momen-tum demanded a constant mental and physical effort. Your grant was indispensable. But I was able to take it up only through a fleeting conjunction of Naval leave, decisive support from the British Embassy, and the confidence of the Turkish authorities, at short notice and in a region of potential difficulty. I was sustained throughout by the sheer decency of the Turkish police and military, and by the kindness of countless villagers.

In truth, you are never out of some-body's sight in Turkey. A villager or a distant shepherd is invariably watching. Treasure hunters, an excellent source of local guidance and memory, are always keen to help, for they know my Turkish Army maps will show them where to dig for Armenian gold.

Permits were a particular challenge. During the 1980s the British Ambassador applied on my behalf; but in the 1990s the route was through the Turkish Embassy in London. Successive ambassadors were highly supportive, and I was pleased with my applications. They were headed 'Cor-pus Christi College Classics Centre for the Study of Greek and Roman Antiquity' and were in Turkish. But in six years out of eight they were rejected in Ankara. An Under Secretary in the Finance Ministry later explained: any official could see at a glance that I was working for a Christian agency interested in Pontic Greeks, and that, as a Turkish speaker, I must be a spy.

I had finished my DPhil thesis in 1973. In successive years I found, as a rough guide, that a month in Turkey would take about a year to write up. This task started in earnest on a prototype navy computer in 1985. But it was only when I worked in the Oxford libraries after 2006 that the real challenge began to dawn. It took about 7 years.
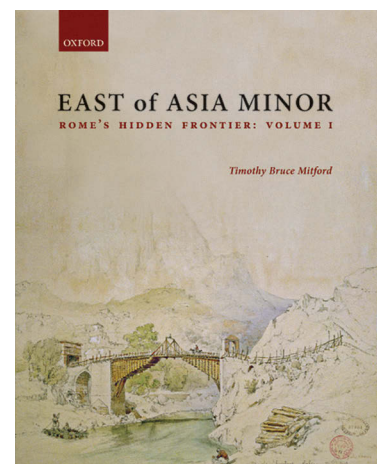
That all has now been completed owes a great debt to the encouragement and support of many Titans of the Brit-ish Academy. Sir Ronald Syme taught me about epigraphy. Sir Ian Richmond taught me about Roman archaeology and laid down the challenge of the Euphrates frontier. In the Cilician mountains my fa-ther, Terence Bruce-Mitford, showed me how to behave in strange places. He knew more than he confided about eastern Tur-key. For it he had organised SOE [Special Operations Executive] work, and was to lead a resistance force of Kurdish and Ar-menian murderers, should the Germans, expected in May 1943, move south from the Caucasus. In 1983 Sheppard Frere and Oliver Gurney spirited me away from the Cyclops in Ankara. Norman Hammond sent me an important legionary inscrip-tion he had found in Trabzon in 1965, and has held my hand for the last 20 years. My Teiresias, my examiner in 1973 and champion in England has been Sir Fergus Millar. My champion in Turkey has been Stephen Mitchell, Chairman of the British Institute at Ankara. Andrew Burnett has showered gold dust over my coin finds, and John Wilkes has guided *East of Asia Minor* towards its proper completion.

The British Academy itself has funded my research journeys with great generosi-ty since 1974. And I have had four faithful companions: my wife, Patricia, intrep-id and all-enduring; my college, Corpus Christi in Oxford, not least its President, Sir Kenneth Dover; since 1965 the Royal Navy, keen to nurture interpreters, and from 1981, when I served in the HQ of the Turkish Navy, conferring access and status in Turkey under military rule; and Oxford University Press, which has wait-ed for these volumes for 40 years, and has produced them with patience and con-summate skill.

Borders at the edge of Europe

Kapka Kassabova talks about the Cold War legacies playing out where Bulgaria, Greece and Turkey meet

Kapka Kassabova was born in Sofia, Bulgaria, university educated in New Zealand, and now lives in the Scottish Highlands. She is the author of several poetry collections, a novel and two acclaimed memoirs.

I grew up behind the Iron Curtain. I've been obsessed with borders, because growing up behind the ultimate hard border affected me in such a profound way in my childhood. I always knew that I would write about that particular border in some way.

The history of this border has not really been told properly. I left Bulgaria as a teenager, but I felt that the time had come to go back and dig up these secret histories. I felt a sense of urgency, of time running out. I'm in my forties, so the generation below me have no memory of what it was like to live with the Iron Curtain. I wanted to talk to people who have experienced that border first-hand. The people who remembered, the old border guards from the Cold War, for example, were dying out and I wanted to hear those stories.

I was very struck by how much the people on all three sides of the border shared. Even though they were divided by the cruellest of borders, they still shared a basic vocabulary and a basic worldview and some of these strangely poetic, archaic practices. This region holds the only two communities in Europe where full-on, ritualised, seasonal fire worship is still practiced on such a scale. In the midst of the brutality of the politics, it's very striking that people could still commune with nature. This area is one of the last wildernesses of Europe, so the landscape is spectacular.

I'm still haunted by the paradox of these beautiful but dying villages and towns in Greece, Turkey, Bulgaria. One of the things that was really striking in the border area was how depopulated it is. As one Turkish shepherd living in the border region said to me, 'Why is it so difficult to have a couple of families move into these empty houses, bring some life to this place and help with the flocks?' We have this huge stream of people going west because life pushes them to do so. This includes the continuing brain drain from countries like Bulgaria and Greece. There is a bitter paradox in that, especially if you visit these depopulated places and see how stunningly beautiful and liveable they are. But equally, I can see that if you're growing up in a small place it's very difficult to stay there, difficult not to leave. That's a global problem.

Refugees from the Middle East are using the same forest paths that the fugitives of the Cold War used in their dangerous attempts to leave the Soviet bloc. I was struck when a local told me that the smugglers are all the same families. Generations of people smugglers, on every side of the border. They're the same families that know all the paths, all the secret ways. I was very shaken by the sight of people coming in, all the way from Syria, via Turkey, with just these small rucksacks, looking like they've lost everything, walking those abandoned roads of the Cold War where only military tracks used to go. When I set out on my journey in 2013, it was just the beginning, people were only trickling in. But I just felt: this is history on the ground, I have to write about this.

The people of this border have something to teach us. Their stories are inspiring, instructive, and can also serve as a warning. This border demonstrates both the damage done by the politics of conflict and division, and the healing power within that we all carry. Our destiny is to be connected and to help each other, that's what the border taught me.

Further reading

Kapka Kassabova's book *Border: A Journey to the Edge of Europe* has won the 2018 Nayef Al-Rodhan Prize. This British Academy prize, worth £25,000, is awarded annually for outstanding contributions to global cultural understanding.

The full interview may be read at: thebritishacademy.ac.uk/blog/al-rodhan-2018-kapka-kassabova-interview
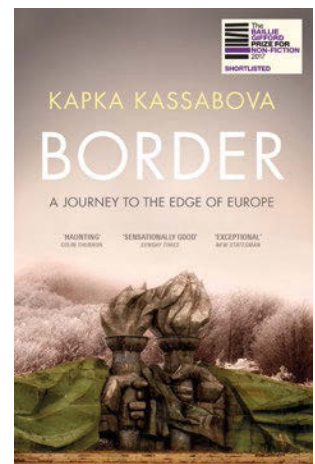
Celebrating Italian studies: the Serena Medal

In November 1918, Mr Arthur Serena wrote to the British Academy's President, Sir Frederic Kenyon, offering £500 to fund a gold medal to be awarded annually by the Academy for the furtherance of Italian studies. Writing on the momentous 11th day of that month, Serena linked the establishment of the prize with the opportunity to commemorate both the King of Italy's birthday and the signing of the Armistice with Germany that very morning.

Not a great deal is known about Arthur Serena. It is thought that he was born around 1852. His father, Leone Serena, was an exiled Venetian patriot who settled in London in the 1850s and became a successful shipping and insurance broker. His mother, Carla, was a Belgian journalist who spent much of her time abroad, writing articles and travel books. After university, Arthur Serena followed in his father's footsteps and joined Galbraith, Pembroke & Co., where he became a senior partner. He never married. Following his death on 31 March 1922, his obituary in *The Times* noted that Serena was 'very highly respected in the City, where his kindly manner, his generous instincts, and his wide interests made him many friends'.

As Serena approached his 70s, it seems that he suddenly became keen to use his wealth to establish some kind of legacy. Edward Hutton (1875–1969), a confirmed Italophile whose spiritual home was most definitely in Florence,[1] later described what happened.

I founded the monthly *Anglo-Italian Review* and had written two articles for it on 'The Italian Language' when an old gentleman came to see me whom they had interested. This was Serena. He asked me over tea what I thought ought to be done to forward Italian studies in England.[2]

Hutton told Serena that neither Oxford nor Cambridge had a professorship of Italian. Serena immediately offered a substantial sum to rectify this – the generous benefaction was reported in *The Times* in October 1918. And he followed up with offers of money to establish chairs in Italian at the universities of Manchester and Birmingham.

As Serena's letter to Kenyon reveals, Hutton also suggested that he might like to establish a fund for a medal to promote Italian studies. The British Academy readily accepted.

The first recipient of the Serena Medal, in 1920, was the historian G.M. Trevelyan, who had written three volumes depicting Garibaldi as a great hero – and who had also in the recent war commanded a British Red Cross ambulance unit on the Italian front (recalled in his *Scenes from Italy's War*, published in 1919).

In 1924, Edward Hutton himself was awarded the medal.

There have been various changes to the award over the years. The stipulation in Serena's letter that winners should be 'British-born' was quickly dropped: there have been many Italian nationals in the list of distinguished recipients.[3] On a more practical level, in 1951 the minutes of the Academy's Council note that, although the Serena medal was originally meant to be minted in gold, 'the circumstances of time has necessitated a change to Bronze'.

In another evolution, to the list of eligible subjects specified in Serena's letter – Italian literature, history, art and economics – have since been added philosophy and music. And this year, 100 years after Arthur Serena first approached the Academy with his proposal, the medal bearing his name has been awarded to Professor Roger Parker FBA, for his contribution to the study of 19th-century Italian opera.

Professor Parker writes: 'Looking at the former recipients of this distinguished medal makes me feel both deeply honoured and deeply humbled. Many of those awarded the medal during its hundred-year history were giants in the field; to stand on their shoulders and attempt to peer forward will be immensely stimulating.'

1   Edward Hutton helped to establish the British Institute of Florence in 1917. In 1922, he delivered the British Academy Italian lecture on 'Some aspects of the genius of Giovanni Boccaccio'. His villa in Florence was named Boccaccio.
2   Letter by Hutton to Professor Cecil Grayson, 1960, quoted in Uberto Limentani, 'Leone and Arthur Serena and the Cambridge Chair of Italian, 1919–1934', *Modern Language Review*, 92:4 (1997), at p. 879.
3   The list of winners of the Serena Medal can be found at www.thebritishacademy.ac.uk/serena-medal

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36, York Terrace,

Regents Park, N. W. 1.

11th November 1918.

The President,
    The British Academy,
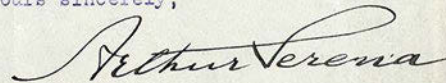   Burlington House,   W.

Dear Mr. President,

It has been suggested to me by Mr. Edward Hutton that I should establish a fund to provide a Gold Medal annually to be given by the British Academy for the best piece of work done in each year for the furtherance of the study of Italian Literature, History, Art or Economics by a British-born subject.

In order to establish this prize and to commemorate the King of Italy's birthday and the signing of the Armistice with Germany, I shall be ready to hand you a cheque for £500 [five hundred pounds] and I should be most grateful if you would approach the British Academy on my behalf upon this matter.

Should the British Academy be willing to establish this Gold Medal and to undertake the administration of it, and to award it every year it would be my wish that Mr. Edward Hutton should consult with you, Sir F. G. Kenyon K.C.B., the Rt. Hon. H.A.L. Fisher and Viscount Bryce and draw up the conditions upon which the medal shall be established and awarded, for which conditions Mr. Edward Hutton shall be responsible to me.

Believe me,

Yours sincerely,

Arthur Serena

Mr Arthur Serena offers the British Academy money to establish a medal to recognise excellence in Italian studies (BAA/GOV/2/2/4).

Establishing the Arts and Humanities Research Board, 1998

When the Research Councils were established in the mid 1960s – including one for the social sciences (subsequently the Economic and Social Research Council) – the humanities were left behind. The view of government was that 'The work could be done equally well by the British Academy itself.'[1] And over the next 25 years the Academy increasingly did assume the role of a *de facto* Humanities Research Council, running a range of schemes offering research grants and posts, and from 1984 administering postgraduate studentships for the Department of Education and Science.

But, over time, the view was that the humanities were being disadvantaged financially by this arrangement. And in the early 1990s, the Academy urged government to establish a properly funded Humanities Research Council. When this hope was not met, in 1994 the Academy set up its own Humanities Research Board (HRB) to administer most of its publicly funded programmes, under the chairmanship of Professor John Laver FBA.

Then in 1997 the Dearing Report on *Higher Education in a Learning Society* recommended that 'a new Arts and Humanities Research Council (AHRC) should be established as soon as possible.'

As government continued to equivocate, others started to act. In his Presidential Address to the British Academy's Annual General Meeting in July 1998, Professor Sir Tony Wrigley explained what had been happening in the previous months.

> In December 1997, the Higher Education Council for England [HEFCE] indicated that it would make available £8m in the year 1998-9 and £15.5m in the following year to support project-based research in the arts and humanities. It was then suggested that the Academy, as the parent body of the existing HRB, should explore with HEFCE the possibility of creating an Arts and Humanities Research Board through which these moneys and other sums, including a major contribution from the Academy, might be channelled to support research in the arts and humanities. There ensued complex discussions which have taken several months, in spite of the urgency of a quick conclusion because of the deadlines implicitly imposed by the wish to dispense research moneys in the course of the year beginning in April 1998. In the last few weeks discussions have reached the stage at which HEFCE

> and the Academy have agreed a document which sets out Heads of Agreement describing the structure and functions of an Arts and Humanities Research Board.[2]

The Heads of Agreement were agreed in June 1998 between the British Academy, HEFCE and the Department for Education for Northern Ireland (DENI), 'whereby they jointly establish an Arts and Humanities Research Board ... a new organisation for the distribution of grants and awards for the support of research and postgraduate study in the arts and humanities'.[3] In the Agreement's mission statement, a wider goal was

> to improve the breadth and depth of our knowledge and understanding of human culture, both past and present, and thereby to enhance the quality of life and creative output of the nation.

The parties would pool resources in the new body:

> The British Academy will pass to the new organisation the responsibility for the administration of the schemes of postgraduate studentships in the humanities and of postgraduate awards in certain professional and vocational areas, together with the funding that is currently

1   Mortimer Wheeler, *The British Academy 1949–1968* (1970), p. 47.
2   *British Academy Annual Report 1997–1998*, p. 8.
3   British Academy archives reference BA614.

provided by the DfEE for those schemes. HEFCE and DENI will provide funds that they set aside for the support of project-based research in the arts and the humanities.

Specifically on the British Academy's side,

The Academy's contribution in 1998-99 will be the £14.893 million allocated for postgraduate studentships in the humanities and the £3.924 million allocated for postgraduate awards in professional and vocational areas of study. It will also provide funds from within the administrative element of its grant-in-aid towards the administrative costs of the AHRB.

The AHRB formally came into being in October 1998, with Professor Paul Langford FBA as its Chairman and Chief Executive. By the time Sir Tony Wrigley gave his Presidential Address in July 1999, he was able to report 'the splendid news that both the Scottish Higher Education Funding Council (SHEFC) and the Higher Education Funding Council for Wales (HEFCW) had decided to become full partners in the AHRB. … It is gratifying that henceforth the Board will be fully UK-wide in its coverage.'[4]

There would still be a wait until government finally committed, in January 2003, to setting up an Arts and Humanities Research Council – which came into existence in 2005.[5] But since then, the AHRC has fully bedded down as a full member of the seven Research Councils which fund UK research. Professor Chris Wickham FBA, a member of the AHRC's Council, observes: 'under its current leadership, the AHRC is one of the most innovative of the Research Councils, adept at turning its still small budget into a creative and permanent point of reference for the Arts and Humanities community.'

Although in 1998 the British Academy put into the AHRB getting on for two-thirds of its own expenditure resources, the Agreement reserved for the Academy certain areas where it would remain an important provider of research support. In the intervening period that role has grown significantly – and has just been boosted further, as Alun Evans, Chief Executive of the British Academy, explains:

'The Academy's role has been further strengthened in 2018 with the announcement that the Wolfson Foundation – historically a generous supporter of the Academy through Research Professorships and capital grants for its building – has awarded a grant of £10 million to the Academy. This is the largest ever single grant awarded in the humanities and social sciences by the Foundation, and will see the British Academy deliver a transformative programme to support early career researchers, develop an international community of scholars, and create an intellectual hub at the Academy's home in Carlton House Terrace.'

This glass ornament was presented as 'a gift to the British Academy from the Arts and Humanities Research Board, November 2001' – to mark the point at which the Board had assumed responsibility for its own staff and premises, in Bristol. Various of the Academy's staff who had been running the postgraduate schemes for the Board from the Academy's offices in London relocated to Bristol in December.

4   *British Academy Review,* [1] July 1998 – July 1999, p. 3.
5   The story of how the Arts and Humanities Research Council came into being has been told by James Herbert in *Creating the AHRC: An Arts and Humanities Research Council for the United Kingdom in the Twenty-first Century* (British Academy Occasional Paper 12, 2008).

Autumn 2018 publications from the British Academy

Growing up in Diverse Societies: The Integration of the Children of Immigrants in England, Germany, the Netherlands, and Sweden
Edited by Frank Kalter, Jan O. Jonsson, Frank van Tubergen, and Anthony Heath
ISBN 978-0-19-726637-3

Studies the life situation, social relations, and attitudes of adolescents in different ethnic minority groups, and compares these systematically to the majority youth in the four countries. Uses recent data on *c*. 19,000 adolescents in England, Germany, the Netherlands and Sweden. The results challenge much of the current thinking on the state of integration.

Governing England: English Identity and Institutions in a Changing United Kingdom
Edited by Michael Kenny, Iain McLean, and Akash Paun
ISBN 978-0-19-726646-5

This is a book about how England is governed and how the English wish to be governed. England's relationships to Scotland, Wales and Northern Ireland are discussed in terms of devolution and alongside the regional divide of the Brexit vote. Issues of English nationalism and support for separate English institutions are also examined.

### The Worlds of the Jeake Family of Rye, 1640–1736
Edited by Anne L. Murphy
ISBN 978-0-19-726636-6

The unique collection of 300 letters published in this volume creates a narrative of business and family life through three generations of the Jeake family. The letters reveal the importance of kinship to business and family survival during religious and political upheavals, and provide a rare glimpse into the life and work of a 'middling-sort' of woman, Elizabeth Jeake.

Re-excavating Jerusalem: Archival Archaeology
By Kay Prag
ISBN 978-0-19-726642-7

The excavations of Jerusalem by Dame Kathleen Kenyon in the 1960s excited great interest, and the on-going study and publication of the finds continues to provide new insights and re-interpretations. This well-illustrated overview of the archive reconsiders many aspects of Jerusalem's long history, from the Bronze Age to the 15th century AD.
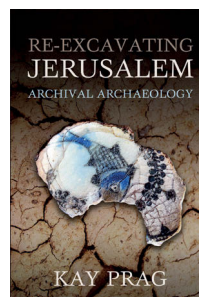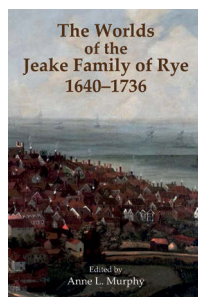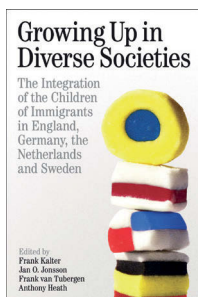
All these British Academy publications are available from Oxford University Press.

More information on the Academy's publications can be found via www.thebritishacademy.ac.uk/british-academy-publications