# Contents

Acknowledgements .............................................................................................. vii

Preface: Never Let a Good Crisis Go to Waste ................................................... 1

1 What Is the Consulting Trap? ........................................................................... 7
   What Are Transnational Professional Service Firms? ............................... 13
   Where Are Transnational Professional Service Firms Located? ............ 17
   What Services Do Transnational Professional Service Firms Provide to Governments? ................................................................. 19
   How Have Transnational Professional Service Firms Been Able to Influence Governments? ................................................................. 22
   How Can the Power of Transnational Professional Service Firms be Challenged? ................................................................. 23
   Why Does This Matter? ............................................................................. 25

2 Actors: The Rise of Transnational Professional Service Firms ....................... 27
   What Are Transnational Professional Service Firms? ................................ 27
   First Wave: Scientific Management and Cost Accounting .......................... 29
   Second Wave: Organization and Strategy .................................................. 34
   Third Wave: Management Information Systems and Data Infrastructures ................................................................. 42
   Fourth Wave: Outsourcing Firms ................................................................. 50
   Putting It All Together ............................................................................. 52

3 Programs: Evading, Auditing, Financializing, Privatizing .............................. 56
   Tax Avoidance: The Pin-Stripe Mafia .......................................................... 61
   Austerity: Wolves in Sheep’s Clothing ......................................................... 66
   Financialization: Risk Rentiers .................................................................... 72
   Privatization: Information Technology Oligarchs ...................................... 78
   Hardwiring Neoliberalism into the State ...................................................... 84
4 Strategies: Networking, Institutionalizing, Commodifying, and Brokering ............................................... 86
   Networking ........................................................................................................................... 88
   Institutionalizing ................................................................................................................ 95
   Codifying and Commodifying ......................................................................................... 100
   Brokering .......................................................................................................................... 105
   A Self-Perpetuating Cycle ............................................................................................... 111

5 Resistance: Challenging Transnational Professional Service Firms ......................................................... 113
   Challenging Managerial Knowledge ................................................................................ 114
   People’s Audits: Track Paper Trails ................................................................................. 117
   Social Network Analysis: Identify Allegiances ............................................................... 120
   Access to Information: Make Things Public ................................................................. 125
   Public Consultations: Testify to Experience ................................................................. 131
   Conclusion: Knowing Otherwise .................................................................................... 135

6 Escaping the Consulting Trap ............................................................................................... 138
   Searching for Solutions .................................................................................................... 140
   Next Steps ......................................................................................................................... 150

Notes .................................................................................................................................... 153

Index ................................................................................................................................... 181
Preface

Never Let a Good Crisis
Go to Waste

In late September 2020, as the United Kingdom was struggling to keep up with a deadly second wave of COVID-19 infections, the transnational professional service firm Deloitte invited a group of local health officials to a demonstration of their new test and trace system. Developed in partnership with the software company, Salesforce, the firm promised that this “totally paperless,” quick to deploy “local contact-tracing solution” would help alleviate the pressure of recent outbreaks on local health teams.1 Deloitte’s initiative was, however, swiftly and roundly condemned — not surprisingly, given the firm’s already poor track record in rolling out a test and trace system at the national level. How was it possible, a Director of Public Health wondered, that “the ongoing failure of NHS [National Health Service] test and trace is being turned into an opportunity for one of the companies engaged in it to profit”?2 And how was it acceptable that the national system’s “apparently inept leadership either isn’t aware of this or actually allows one of its delivery companies to blatantly sell ‘solutions’ to councils?”3 Deloitte was accused of coming “round the back door to profit” from a worsening health crisis to which they themselves had contributed. The Shadow Health Secretary at the time, Jonathan Ashworth, noted that local councils, as members of the NHS, “should be getting this [system] anyway.”4

At that point, Deloitte had already raked in millions to manage and coordinate the NHS test and trace program, which Prime Minister Boris Johnson claimed would both be “world-beating” and would form the backbone of the United Kingdom’s pandemic response.5 The firm’s work included managing test centres, appointment bookings and laboratories, collecting statistics and hosting and maintaining the NHS test tracking digital platform that “holds data captured by the registration system and makes it available to the NHS.”6 Deloitte was not the only professional service firm involved in assisting the UK government’s test and trace program. The outsourcing giant, Serco, was heavily involved in the work
of tracing. And McKinsey & Company, was hired to define the “vision, purpose and narrative” of the program — a program that was, incidentally, led by McKinsey alum, Dido Harding, who had been appointed by the UK government to be the interim executive chair for the newly established National Institute for Health Protection.7

By the time Deloitte pitched their offer to local councils in September 2020, a slew of problems had been plaguing the national program. For example, in April 2020, some local hospitals had requested to take control of the Deloitte test centres because “test results of NHS staff [were] being lost or sent to the wrong person.”8 By May, local authorities and general practitioners had complained that Deloitte was not sharing testing data with them, which left them with little knowledge of where local disease clusters were located. Deloitte’s testing system also failed to collect key data — such as people’s ethnicity, or whether they worked in health or social care — making it impossible to gather information on those most vulnerable to the disease.9 The British Medical Association reported that “outsourcing the coordination of testing” was likely “resulting in adverse effects”; NHS staff were, for instance, waiting seven days to receive their COVID-19 test results from Deloitte test centres, while local NHS labs could have completed the process in just six hours.10 And when Serco began recruiting contact tracers, the firm “accidentally shared 296 contact tracers’ email addresses,” and it was later reported that the firm was failing regularly to trace up to 30 percent of contacts.11

Yet, despite this growing list of complaints, the firms continued getting lucrative contracts — often without competitive tendering processes.12 By October 2020, the number of consultants from Deloitte working on test and trace was equivalent to a small government department.13 With a total of 1,230 consultants working on the program — the majority from Deloitte — the ratio of consultants to civil servants working for test and trace was, at its height, one-to-one. Despite the government’s commitments to reduce the number of consultants working on the program amid growing criticism, a House of Commons report found that the number had only risen from December 2020 to April 2021.14

And these consultants were being paid hefty daily fees. In the summer of 2021, it was revealed that the average rate for test and trace consultant was £1,100 per day, with some senior advisors billing for over £6,000 daily.15 This meant that the government was shelling out over £1 million per day to Deloitte.16 And all this was for work on a scheme, which, by
the fall of 2021, was deemed to have failed in its objectives to “help break chains of COVID-19 transmission and enable people to return towards a more normal way of life.”

By this time, it was becoming increasingly evident that the over-reliance on consultants for the program was achieving poor results, and that consultants were far more costly than civil servants or temporary staff from other public services. But the Department of Health defended its use of consultants, arguing that it had been necessary “given the emergency nature of the initial response and the need to scale up operations at speed” because “many of the skills required were not available from the civil service within the timeframe”; therefore, “it had to use the private sector to respond quickly under power of the emergency regulation.”

Deloitte, for its part, appeared unfazed by the criticism and maintained, against all evidence, that it was “proud of its work” on test and trace in the United Kingdom. Perhaps Deloitte could afford to remain confident, as, despite the documented failures of the program, it continued getting contracts for test and trace systems in other jurisdictions around the world. For example, across the Atlantic, in the Canadian province of Alberta, Deloitte was hired in April 2020 to build and launch a COVID-19 contact-tracing app ABTraceTogether. The Albertan government — at that point the first province to introduce a COVID-19 tracing app — paid nearly CAD 1 million to Deloitte to build the app with IBM providing the infrastructure; the app itself, however, was based on open-source software code that had initially been developed and freely shared by another software developer based in Singapore. Although the app developed by Deloitte required some customization to implement in Alberta, many wondered why the firm had been hired and paid such a steep price to adapt it from free source code, especially when, as some pointed out, the work could have been done through the local tech community in Alberta for little to no cost.

Not surprisingly, the app faced a myriad of problems in Alberta, problems that had already been documented in Singapore. It couldn't run in the background on iPhone operating systems; it was failing to record cases; and, as opposed to the federal app that would send out notifications of positive diagnoses automatically, it relied on manual entries of notifications by provincial contact tracers, which could take several days to process. There were also concerns around data privacy, with one privacy expert arguing that the app was “so flawed it shouldn’t
have been introduced.”23 By the summer of 2020 — only a few months after its launch — the province decided to switch to the federal tracing app, ditching ABTraceTogether for which they had already paid Deloitte CAD 1 million.24

Despite these failures, however, Deloitte was hired by the Canadian federal government in January 2021 to create and implement a digital COVID-19 vaccination tracking system — earning an initial $16 million for its efforts. The decision was met with some skepticism since, as had been the case with the Alberta app, Deloitte was largely importing a system from the United States, which, critics noted, had been plagued with problems since its inception.

Indeed, a few months earlier, in September 2020, the US government awarded a sole-sourced contract to Deloitte to build a Vaccine Administration Management System (vams) — a new vaccine tracking system using software from Salesforce. Initially, some health officials and observers wondered why a new system was necessary in the first place as an existing vaccination program had already been in use for many years by state governments and the Centers for Disease Control and Prevention (CDC) without any problems.25 The government insisted that a new digital infrastructure was needed given the scale of the emergency, and some critics conceded that there was room for improvements to the existing system. Improvements were, however, far from what people got. The system was supposed to provide a free “one-stop shop where employers, state officials, clinics, and individuals could manage scheduling, inventory, and reporting for COVID shots” with ease, but it was riddled with bugs.26 Among other problems, people were unable to sign in or connect to the system, it was confusing patients with health care providers, and it only worked on one internet browser. Elderly people — those most in need of vaccines — were facing difficulties booking appointments. People reported showing up at their appointments to get vaccinated but being turned away because the system had not registered their meeting or had wrongly registered them as already vaccinated.27 In response to the problems with vams, Deloitte maintained, as they had in the UK, that the firm was proud to support the vaccine campaign and “help with ending the COVID-19 pandemic so that our families and communities can recover and thrive.”28

In total, Deloitte was paid $44 million to build vams, which, due to concerns over usability, only nine states chose to employ — and several
of those eventually abandoned it. As in Alberta, many questioned the government’s decision to hire Deloitte at such a steep price for this work. And in February 2021, allegations surfaced that Deloitte had stolen the idea for the system, though the firm dismissed those claims.

In April 2020, Tiffany Tate, executive director of the nonprofit organization Maryland Partnership for Prevention presented her platform, PrepMod — based on a flu vaccine registration program already in operation — to officials from CDC and the American Immunization Registry Association. In these meetings, consultants from Deloitte had been present. Despite expressing interest in buying PrepMod, the CDC instead hired Deloitte in May 2020 to implement VAMS, which, according to the allegations, “mirror the system Ms. Tate created — including a ‘new feature’ that ‘eventually found its way into VAMS.’” In fact, Tate claims that Deloitte even offered to hire her to roll out the system that she had devised, after the firm had won the contract on a bid that was $600,000 higher than her own.

Such cases raise important questions that we investigate in this book: How did an accounting firm like Deloitte become a central broker of knowledge about public health? Why, amid serious problems and ballooning costs, did Deloitte keep getting contracts? Why wasn’t the firm held accountable for their work when it was negatively impacting millions of people? And to what extent has the pandemic enabled these firms to expand their foothold in government, growing their range of services and extending their influence around the world?

As we show, the COVID-19 pandemic was no anomaly. While it was an exceptional moment — an opportunity for firms like Deloitte to expand their operations — the role of these firms during the pandemic calls attention to more longstanding and deep-seated trends in government outsourcing. It underscores the tremendous scale of transnational professional service firms and their capacity to mobilize personnel, policy programs, and infrastructures around the world. It speaks to the tremendous scope of these firms, as they have come to provide a myriad of services to governments. Not just consultants anymore, the pandemic highlights the transition of these firms from advising governments on an ad hoc basis to providing entire governance platforms and administrative infrastructures, developing more extensive and continuous ties with governments. Moreover, it speaks to the changing orientation of these firms as they have attempted to rebrand themselves as information
technology (IT) firms, investing in cloud computing, artificial intelligence (AI), and extensive data infrastructures. Finally, taking advantage of their scope and scale, it also calls attention to the methods through which these firms have been able to influence governments.

In this book, we show how transnational professional service firms have been able to entrench themselves in the infrastructures of government, fostering dependencies — which we refer to as a “consulting trap” — from which it can be difficult for governments to extricate themselves. Through their command of such infrastructures, they are able to extract exorbitant rents while at the same time avoiding public scrutiny under the auspices of commercial sensitivity and cabinet confidence.

The book explores how these firms have been able to generate such influence and how this influence has impacted government. As we will show, the problems with Deloitte’s work in the UK, the US, and Canada during the COVID-19 pandemic are just a drop in the bucket when it comes to consulting scandals around the world. Like Deloitte, transnational professional service firms (TPSFs) such as Boston Consulting Group, EY, IBM, KPMG, McKinsey, PwC, and Serco have rapidly expanded their operations over the past two decades despite mounting controversies. These firms have profited greatly from a growing volume of lucrative government contracts, often leaving in their wake a trail of problems, and are rarely held accountable for the outcomes of their work — work that directly impacts people’s everyday lives and costs the public sector colossal amounts of money.

This guidebook shows where these firms come from, the programs they provide, the strategies through which they generate influence, and the ways they have been resisted. We hope that it will supply people with a resource that can be used to help challenge the power of these firms, overcoming government dependency on consultants and fostering more democratic pathways for policy-making and public administration.
Chapter 1

What Is the Consulting Trap?

The growing reliance of governments on transnational professional service firms (TPSFs) has recently ignited fiery debates and stirred up controversy. Across the political spectrum, critics have called attention to the outsized influence of firms like Boston Consulting Group, Deloitte, EY, KPMG, McKinsey, PwC, and other larger firms in shaping public policies from behind the scenes. Critics have challenged the opacity of their work, and the difficulty of holding these firms to account. They have exposed the role of these firms as “shock doctors” taking advantage of crises to implement unpopular policies. They have condemned the exorbitant price of their services, which could be undertaken by public-sector employees for a fraction of the cost. And they have warned of their role in “hollowing out the state” and “infantilizing government,” cultivating long-term dependencies that ultimately incapacitate the civil service.

Indeed, a brief look at some of the recent scandals demonstrates the degree of public distrust for these organizations.

In France, the clout of TPSFs became an election issue that threatened to topple President Emmanuel Macron’s government after opposition lawmakers found that contracts worth 2.4 billion euros had gone to private consulting firms between 2018 and 2022. This figure had more than doubled over the course of two years, and critics raised concerns that this trend could lead to a “relationship of dependence” on these firms. At the same time, it was revealed that McKinsey — which had benefited greatly from all these billions — had not paid corporate taxes to the French state for at least 10 years. This scandal was dubbed “McKinseyGate,” as critics noted the extensive ties between McKinsey and Macron’s La République En Marche party, igniting further controversy and prompting many to wonder how much influence the firm had on the government.

In South Africa, several firms — including Bain, KPMG, and McKinsey — were embroiled in the largest corruption scandal in the
country’s history since the apartheid era, as it was revealed in 2016 that they facilitated the looting of public contracts over the course of three years under the presidency of Jacob Zuma. The scandal was so egregious that it was investigated by public officials as a problem of “state capture” — a process by which private individuals and companies “take over state agencies to redirect public resources into their own hands, while weakening the institutions for ferreting out that corruption.”7 As the auditors responsible for keeping tabs on public agencies, KPMG played a central role in rubberstamping financial arrangements enabling the corruption. As for the role played by McKinsey, the National Prosecuting Authority reported in 2016 that the firm had been instrumental “in creating a veil of legitimacy to what was otherwise a nonexistent unlawful arrangement.”8 Bain’s work restructuring the South African Revenue Service to minimize its oversight and regulatory capacity was seen as such a grave offence that the firm was, in 2022, temporarily barred from tendering for public contracts in South Africa and the United Kingdom — a rare instance of these firms being held accountable for their actions.9

Meanwhile, in the United States, McKinsey was under fire for its role in fuelling the country’s deadly opioid crisis. At a time when the dangers of opioid use were apparent, the firm advised the drug company Purdue on how to — in McKinsey’s words — “turbocharge” opioid sales while they were simultaneously guiding the Food and Drug Administration (FDA) on restructuring the Center for Drug Evaluation and Research — the public agency responsible for approving the use of opioids.10 Public officials called out the firm for the potential conflicts of interest that this clearly raised. A government investigation ensued, and in its wake, McKinsey agreed to pay more than $600 million in penalties to the government, though the firm denied any wrongdoing in the matter.

In Canada, as KPMG was advising municipal governments across the country on how to slash public spending and cut services in the aftermath of the 2008 economic crisis, the firm was quietly devising offshore tax haven schemes enabling wealthy Canadians to avoid paying taxes. Described by public officials as “a sham … intended to deceive” federal authorities, these schemes allowed wealthy families to set up shell companies in The Isle of Man from which they could receive tax-free “gifts” in return.11 And while the scheme was a costly affair for the Canadian state, KPMG faced no consequences.
And in the United Kingdom, outsourcing firms Serco and G4S have repeatedly been caught defrauding the government in their public service contracts. This has included understating profits and overstating delivery. For instance, in their work in the health sector, Serco admitted to giving false data to the National Health Service (NHS) over 250 times on the performance of its out-of-hours GP service. And in their electronic monitoring contracts they were caught charging for “tagging people who were either dead, in jail, or had left the country.” The director of the Serious Fraud Office (SFO) undertaking the investigation concluded that the firm had “engaged in a concerted effort to lie to the Ministry of Justice in order to profit unlawfully at the expense of UK taxpayers.”

Yet, despite these ongoing scandals, the power and influence of TPSFs have only grown. Government spending on consultants has increased dramatically over the past decade. While the bulk of consulting revenue continues to come from the private sector, a growing share comes from government (11.8 percent) and government-adjacent services, such as energy and utilities (9.3 percent) and health services (11.3 percent) amounting to more than USD 261.5 billion in global annual revenue as of 2023. In the UK, government spending on consultants jumped from £0.7 billion in 2016 to £2.5 billion in 2021. In Australia, spending on the “Big Seven” consultancies increased from under AUD 400 million in 2013 to over AUD 1.2 billion in 2020. In Canada, government spending on “professional and special services” — which includes consulting as well as other services — increased from CAD 10.4 billion per year in 2016 to CAD 17.7 billion by 2021.

And the spending has continued to grow as governments around the world turned to these firms as first responders in confronting the complex public health, social, and economic problems that emerged in the wake of the COVID-19 pandemic. Never letting a good crisis go to waste, these firms managed to even expand their roles during the pandemic as they moved from advising on government policies to rolling out entire pandemic response infrastructures. As we saw with the example of Deloitte recounted in the preface, TPSFs offered a wide range of services to governments during the pandemic — at no modest price. These services included everything, from building COVID-19 tracking and tracing apps and coordinating vaccination campaigns to designing and administering governance response structures, and advising on post-pandemic recovery — all with limited public oversight or attention.
Indeed, the rapidly expanding scope and scale of TPSF procurements by governments is striking, raising the question: how did these firms come to occupy such a prominent role in public administration?

In this book, we aim to shed some light on their path to power — a path that continues to widen as these firms act not only as advisors to governments but also increasingly take on the role of public service providers. We explore how TPSFs have become entrenched in public administration over the past three decades, investigating how they have combined consulting services, accounting frameworks, and information technology (IT) infrastructures to develop more continuous and multifaceted relationships with governments. In the process, we explore the growing dependencies that have emerged as different levels of government have come to rely on these firms for policy advice, public administration, and service delivery. This reliance has, over time, given rise to what we describe as the consulting trap wherein these firms organize and value public services — services that they themselves are hired to advise on and deliver — in ways that benefit them and that deepen their influence. By fostering a style of governance by contract — advising government to deepen their outsourcing arrangements while in turn standing in to assess these same arrangements, and directly administering services under these arrangements — the power of these firms can be self-perpetuating, constituting a vicious cycle that erodes democratic decision-making and accountability over time.

Such structural transformations are often overlooked as critical researchers and investigative journalists tend to focus on the personalities involved — the Ivy League connections, campaign donations, and cocktail parties. From this perspective, the critical literature tends to frame the government as a tool or instrument that has been colonized by consultants who mobilize it for their own selfish purposes. This can foster narratives — at times, verging on conspiracy theories — that focus more on the interests of these firms than on their practices. Who is really running the show? What is their hidden agenda?

Although exposing the allegiances of consultants is informative (as we discuss in Chapter 4), focusing only on the “who” rather than the “how” can, at times, reinforce a sense of powerlessness, counterposing the lonely muckraking journalist to the shadow state. It can also exaggerate the purity of the state — as if a once pure public interest has been corrupted through the incursion of outside interests. In contesting the
power of these firms in governance, we contend that it is not enough to simply name names. Rather than treating consultants as “outsiders” seeking to take control of the state as a tool or instrument to pursue their own interests, we are interested in how professional service firms have contributed to reconfiguring the state through cultivating new ways of seeing and governing, and — through these novel vantage points — developing different relationships between public officials, private actors, and the communities they govern. From this perspective, our focus is not as much on who is pulling the strings as it is on investigating the “ties that bind.”

Over the past fifty years, TPSFs have popularized a particular set of ideas, a particular way of seeing the world, and a particular set of norms through which to appraise the quality of governments. They have assembled communities and instituted relationships around these ideas. They have codified and commodified products that make these ideas modular, capable of being packaged and sold across different contexts. They have built up sociotechnical infrastructures that enable the entrenchment of these ideas, allowing them to operate silently through everyday institutional routines and procedures.

The ideas promoted by these firms are often connected with neoliberalism, an ideology that is associated with less government, less regulations, lower taxes, and fewer gatekeepers. Rather than “rowing” — directly providing services themselves — proponents of neoliberalism argue that governments should be “steering,” delegating services to those actors best able to provide them, who are invariably located in the private sector. By making public services more “market-like,” it is argued, those delivering services will be incentivized to optimize their work, providing lower cost and better-quality services. Behind these ideas are social arrangements that have given a central role to TPSFs. Over the past fifty years, these firms have positioned themselves as the central intermediaries and arbiters of governance, rolling out arm’s length, privatized, and financialized forms of governance while at the same time claiming to be the best able to assess their value. Through their capacity to stand across domains or jurisdictions, they have come to serve as powerful intermediaries brokering access to ideas, personnel, and infrastructures. And, in a context of economic globalization where enterprises and governments must increasingly operate across a fractured and complex regulatory landscape, they have played a key
role as wayfinders, helping public and private officials navigate uncertain worlds and wicked problems.

Although they promise to empower governments through such methods, the result is often the opposite. Their business model — which is driven by the commodification of policy ideas and administrative infrastructures — has been premised on deepening dependencies. TPSFs set out to maintain and extend power asymmetries by creating the impression that they have access to ideas, services, and technologies that their clients cannot get elsewhere. Economists Mariana Mazzucato and Rosie Colington liken it to “a psychotherapist having no interest in her clients becoming independent with strong mental health, but rather using that ill health to create a dependency and an ever greater flow of fees.” Thus, these firms withhold access to their formulae and models, datasets and infrastructures, and client lists. Moreover, to maximize business opportunities, TPSFs have expanded the range of products they sell. This has set the trajectory of many large firms, as they have grown from providing ad hoc advice to governments to offering administrative infrastructures and governance platforms. Through maximizing the contact points with governments, these firms have consequently been able to establish multifaceted and ongoing relationships with their clients, establishing what Antonio E. Weiss describes as “hybrid” governance arrangements and refashioning themselves as partners in governance.

Through the course of this book, we provide a road map of how these firms have risen to such power and prominence. Our format is simple. First, we examine the makeup of TPSFs, discussing their history, structure, and operations. Second, we survey the services that they provide for governments and explain how they have contributed to consolidating a neoliberal regime of governance premised on austerity, financialization, and privatization. Third, we explore the strategies that these firms deploy to generate influence and entrench themselves in government. Finally, we discuss how the power of these firms can be confronted, exploring strategies that have been taken up in challenging the influence of TPSFs in government.
What Are Transnational Professional Service Firms?

So, what are TPSFs? How are they established? And how do they operate? Despite all the scandals, there is not much research on the structure or history of these firms. The studies that have been done tend to focus on their role as consultants to governments and corporations. However, as we show in this book, TPSFs often play a much larger role. Governments now depend on these firms to deliver a range of services that go beyond simply advising policymakers. Many self-branded professional service firms offer a multitude of services to governments, including legal, actuarial, financial, and accounting services. They provide IT infrastructures, such as cloud computing, management information systems, and administrative platforms; they also offer advice on everything from lean production and labour market restructuring to digital governance, snow clearing, waste collection, prison reform, building smart cities, and public health issues — the list is endless. Considering how all-encompassing they have become, how can we go about locating their expertise?

They are also slippery organizations. They brand themselves as “professional,” but one does not actually need to be accredited as a professional to serve as a partner in many TPSFs, unlike more specialized professional enterprises like law firms or medical practices. No special degree is required, even though these firms present themselves as experts in a variety of areas. In fact, EY and PWC removed university degrees from their requirements for entry-level positions altogether in 2016, stating that there is “no evidence” that success at university correlates with achievement in their firms. So, in the absence of a licence or degree, what makes these firms “professional”?

As we show in the second chapter, the ability of TPSFs to brand themselves as jacks-of-all-trades is the outcome of a distinctive historical trajectory based on the subsumption of different professional identities under a distinctive organizational form. We begin by historically locating TPSFs at the nexus between the fields of management consulting, cost accounting, and IT services. Drawing from the work of business historians, such as Antonio Weiss, Matthias Kipping, and Ian Kirkpatrick, we identify four waves of advisory services to governments that have shaped the trajectory of modern TPSFs over time:
1. Scientific management and cost accounting — which focuses on optimizing processes within organizations (1900s onward);
2. Strategy and organization — making sense of the relative position of organizations in a larger environment, field, or market (1950s onward);
3. IT services — providing administrative infrastructures to organizations (1970s onward);
4. Outsourcing — directly delivering public services for governments (1990s onward).

This corresponds to four types of TPSFs (see Figure 1.1) that we explore as prominent actors in the privatization of public administration: auditing firms (the so-called Big Four firms — Deloitte, PwC, EY, and KPMG), strategy firms (the so-called Elite Three firms — McKinsey, Boston Consulting Group, Bain), information technology firms (IBM, Cisco, CGI, Microsoft), and outsourcing firms (Capita, Serco, G4S, Atos).

Figure 1.1 Transnational Professional Service Firms by Field
Although these four waves of advisory services have contributed to the emergence of TPSFs, it is only since the 1980s that firms have branded themselves as “professional service firms,” beginning with Price Waterhouse (before it became PwC) in 1986. Since then, many other organizations have followed suit, starting with accounting firms like Deloitte, KPMG, and EY, and expanding to include a range of other organizations. The organizational shift to professional service firms, we argue, reflects a convergence between consulting, auditing, and IT services. As we show, the nature of consulting has changed with the development of expansive IT infrastructures. Alongside offering bespoke expertise, these firms now serve as data brokers enlisted by governments for their capacity to collect, collate, and analyze information. This, in turn, has transformed the nature of audits. As firms have developed the ability to gather more information about institutions and their operations, there has been a shift from using data to verify accounts to speculative and strategically oriented forms of assessment that are more akin to consulting. It has also opened the doors for these firms to directly administer services, as they move from consulting to selling whole management information systems and IT infrastructures to governments. Along these lines, we argue that auditing firms like KPMG, strategy firms like McKinsey, and IT firms like IBM are converging their business models, which is reflected in the growing overlaps in the services that these firms provide.

As such, their scope of operations has widened from simply providing ad hoc advice to governments to providing more thorough data and IT infrastructures, and, ultimately, services to the public. This has led to more continuous and multifaceted relationships between TPSFs and governments. It has also granted these firms enlarged influence over a broader area of public policy, enabling them to infuse their ideas and values into government. Indeed, during the pandemic, we saw how TPSFs were invited by public officials to take charge of core aspects of governance, including developing the strategies and implementing the structures and processes through which the pandemic response was coordinated. As we recounted in the preface, Deloitte was hired in the United Kingdom to set up a network of drive-through rapid testing centres designed to be central to the government’s plan to control the spread of COVID-19, and EY was put in charge of managing publicity around a program to track people infected with COVID-19 and to improve the
purchase of personal protective equipment. In Canada, in addition to managing the federal vaccine rollout, Deloitte also played a major role in setting up Québec’s COVID-19 screening system, and developing the vaccination campaign in Ontario. As industry magazine *The Canadian Accountant* noted during the pandemic, these kinds of contracts show how these firms “are no longer strictly auditors but technology companies as well.”

Moreover, the turn to professional service firms reflects the changing scale of professional enterprises. These firms have experienced meteoric growth over the past three decades. In a context of economic globalization, financial deregulation, corporate mergers and acquisitions, privatization, and debt restructuring, these firms have rapidly grown, both in

| Table 1.1 Transnational Professional Service Firms by Employees and Revenue, 2022 |
|---------------------------------|-------------------|-------------------|
| Firm                           | Employees (number) | Revenue (USD, billions) |
| Accounting Firms               |                   |                    |
| The Big Four                   |                   |                    |
| Deloitte                       | 411,951           | 59.3               |
| PwC                            | 328,000           | 50.3               |
| EY                             | 365,399           | 45.4               |
| KPMG                           | 236,000           | 32.1               |
| Strategy Consulting            |                   |                    |
| The Elite Three                |                   |                    |
| McKinsey                       | 38,000            | 10.6               |
| Boston Consulting Group        | 30,000            | 12                 |
| Bain and Company               | 15,000            | 6                  |
| IT Firms                       |                   |                    |
| Accenture                      | 721,000           | 61.59              |
| Capgemini                      | 358,400           | 22                 |
| IBM Consulting                 | 160,000           | 19.1               |
| Outsourcing Firms              |                   |                    |
| G4S                            | 533,000\(^a\)     | 8.94\(^b\)         |
| Atos                           | 112,000           | 11                 |
| Capita                         | 61,000            | 3.6                |
| Serco                          | 50,000            | 5.6                |

Note: a. Data is from 2021; b. Data is from 2020.
employees and revenue (see Table 1.1). For instance, McKinsey’s workforce nearly doubled over the course of thirteen years, growing from 17,000 employees in 2009 to 30,000 in 2022. Over the past sixteen years, Deloitte has tripled in size, growing from 135,000 employees in 2006 to 411,951 employees in 2022. And Accenture has grown from 177,000 employees in 2009 to 721,000 employees in 2022. TPSFs are also extending their reach to more places, with the largest firms — such as PwC, McKinsey, and Accenture — operating in over 100 countries around the world as of 2022.

Their formidable institutional footprint gives them access to substantial resources, personnel, and infrastructures, enabling them to compete with governments in their command over data. As we show in this book, this has led to practices of epistemic arbitrage, as these firms are able to “exploit differences in professional knowledge pools for strategic advantage.”29 Indeed, many governments now rely on these firms for their capacity to mobilize data and policy ideas that they would be otherwise unable to access. Through their capacity to span jurisdictions, these firms can expropriate data and policy ideas for cheap from other jurisdictions, acting as curators of policy ideas and technologies, which they then selectively sell back to governments at exorbitant prices. And TPSFs have been able to leverage such dependencies in order to further entrench their power. As they have successfully installed themselves as brokers of administrative infrastructures, we argue — drawing from sociologists Marion Fourcade and Jeffrey Gordon — that governments have increasingly ceded to these firms certain “forms of social regulation and economic control historically reserved for the sovereign.”30

Where Are Transnational Professional Service Firms Located?

For our research, we have taken Canada as our starting point. Canada is in the Anglo-American heartland of the consulting industry. As numerous scholars have noted, professional service firms have had a long-standing presence in the Anglo-American world, particularly in the United States, Canada, and the United Kingdom, where these firms played a central role in stitching together the North Atlantic economic order.31 As of 2019, the United States and the United Kingdom remain the top two markets for consulting services (at USD 71.2 and 10.88 billion
respectively), followed by Germany (USD 10.4 billion), Australia (USD 6.08 billion), France (USD 5.6 billion), China (USD 5.44 billion) and Canada (USD 4.32 billion). Regionally, North America and Europe account for over 77 percent of the market, while the rest of the world accounts for just 23 percent.

These firms have been especially influential in liberal market economies, where direct government intervention in the economy has been treated with suspicion. As we discuss in Chapter 2, the big accounting firms all got a substantial boost during the Great Depression, when governments mandated that companies hire an outside auditing company that could attest to their books. In the absence of strong regulatory oversight, these firms have played a central role in facilitating the coordination of economic activities at arm’s length from the state, providing a means by which private companies could communicate their activities to their shareholders and the wider market. Likewise, after the adoption of anti-trust legislation in the early twentieth century prohibiting companies from communicating directly with one another, strategy consultants like McKinsey played a central role in facilitating the communication of management information between the largest corporations.

Drawing from longstanding ideologies that government should be run like a business, and close connections between government and private enterprise, such firms were early movers in advancing managerial reforms in the Anglo-American heartland. Even before the onset of neoliberalism, they advised governments in Canada, the United Kingdom, and the United States on how to make their services more business-like, as we will see in Chapter 2. For instance, in the early twentieth century, municipal governments employed efficiency engineers in implementing scientific management and cost accounting programs, and strategy consultants were taken up in applying multidivisional corporate structures to an increasingly complex welfare state during the 1960s. Saint Martin notes that these legacies paved the way for the state restructuring of the 1980s and 1990s, as consulting firms leveraged their strong links with governments in Canada, the United Kingdom, and the United States to advance a program of New Public Management based on deregulation, privatization, and contracting out.

Starting from the Anglo-American heartland, we explore how these firms have enabled the spread of accounting standards, managerial best practices, and financialized forms of control to other places, playing a
key role in coordinating economic relations across empires. As we will see in Chapter 2, TPSFs like McKinsey played a central role in helping American corporations set up shop in Europe after the adoption of the Marshall Plan and an infusion of American capital into Europe during the 1950s and 1960s, paving the way for their sizable presence in Germany and France today as the world’s third and fifth largest markets for consultants respectively. And in the wake of the global economic crisis in the 1970s, professional service firms expanded their operations to other parts of the world. Through their work with transnational institutions and regulatory bodies, such as the International Monetary Fund (IMF) and the World Bank, these firms got their foot in the door in the Global South advising on government restructuring in the wake of sovereign debt crises. As a condition of receiving funding from the World Bank, governments around the world have often been required to enlist consultants to advise on structural adjustment programs involving deregulation, cutbacks, and the privatization of state-owned enterprises. Likewise, with the fall of the Iron Curtain in 1989, consulting firms expanded to the postsocialist countries to advise on rolling out market economies and privatizing state-owned enterprises.

In a context of economic globalization, these firms have come to position themselves as transnational intermediaries brokering the circulation of ideas, personnel, and infrastructures to governments across the globe. Although their influence remains uneven, their global footprint gives them considerable leverage in translating policy programs across jurisdictions, assisting public officials with making sense of an increasingly complex regulatory landscape, and quickly mobilizing resources in response to crises. In this context, they have been able to dis-embed their knowledge from its specific professional, institutional, and geographical location and present it as universal “best practice.” However, as we demonstrate in Chapter 3, this has entailed a very specific program for government.

What Services Do Transnational Professional Service Firms Provide to Governments?

TPSFS like to portray themselves as impartial actors, but neither the advice nor the services they offer are “neutral.” Their programs and technologies have made certain kinds of problems “legible” and “actionable”
while occluding alternative lines of understanding and decision-making. As we show in Chapter 2, by providing the government with “operating systems” that entrench public-sector austerity while facilitating tax avoidance for the wealthy, TPSFs have contributed to the hardwiring of neoliberal policy priorities into the public sector.

On the one hand, firms have taken advantage of their comprehensive knowledge of government standards and regulations to orchestrate tax avoidance for economic elites and transnational corporations, enabling the wealthy to pick and choose which tax regulations they will abide by. Drawing from Katharina Pistor, we consider them to be “masters of code,” seeking to “exploit gaps and ambiguities in the law for structuring new financial assets or intermediaries that are formally compliant with the law while escaping the costs associated with it.”39 As of 2021, it is estimated that nearly $500 billion per year is lost globally due to the tax avoidance industry. As documented by investigative journalists, whistleblowers, government commissions, and the academic literature,40 the Big Four firms have been the key architects in enabling tax avoidance, taking advantage of their global reach in rolling out programs that starve the state of revenue.

On the other hand, these firms have leveraged their position as standard-setters in rolling out programs that enable governments to impose austerity, entrenching normative aspirations to minimize public spending through their command over benchmarks and best practices. As we demonstrate, TPSFs have played a key role in expanding the scope of public-sector audits. While audits were previously taken up to assess the fiscal state of organizations, they are now frequently used to evaluate the performance of governments and their services. As the architects of such assessment regimes, TPSFs have come to exercise a substantial degree of power in gauging the performance of governments, with the aim of doing more with less. In this way, we argue that they have contributed to the entrenchment of a “lean” state in service delivery.

Moreover, in a context of austerity, they have played a central role in the marketization of public services, creating lucrative opportunities for institutional investors to extract rents from public infrastructures and social services through transforming them into objects of financial speculation. Drawing from case studies of Public–Private Partnerships (PPPs) and Social Impact Bonds (SIBs), we explore how these firms have designed vehicles for public service delivery that are premised on hybrid