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***Corporate Social Responsibility  
and the Political Agenda of the Corporate***

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**Asia Monitor Resource Centre**

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## **Abstract:**

*This chapter investigates the political agenda of the corporate behind corporate social responsibility (CSR). CSR took hold as an offshoot of the free market ideology of the 1980s and matured within the context of the new world economic order established by the World Trade Organization (WTO). Mainstream perspectives on CSR claimed that corporate self-regulation and voluntary initiatives could address social and environmental problems and that where the state has failed, private enterprise and non-state actors could succeed. Major regional and global CSR initiatives have included the Multinational Enterprises (MNE) Declaration of the International Labour Organization (ILO), guidelines from the Organization for Economic Cooperation and Development (OECD), the European Union's Green Paper and the United Nations' Global Compact 2000. A dominant trend in this era of globalization and liberalization has been to deregulate nationally and re-regulate internationally on the issues of interest to global capital. But in the interests of the people, for social rights, labour rights and human rights, deregulation nationally has not been accompanied by regulation internationally. This has been left to the voluntary initiatives of CSR. Even the ILO has jumped on the CSR bandwagon, and rather than asserting and demanding regulatory powers for compulsory implementation of its conventions, it is moving in reverse gear, going against its own objectives and singing the CSR song.*

*This chapter argues that CSR is basically the perspective of capital in general and transnational corporations (TNCs) in particular. It is an offshoot of neoliberalism, an ideology which propagates that generally the market is in itself capable of self regulation and of curing the imbalances of the economy, and that state regulations are generally the cause of economic and social problems because they hamper the capacity of the markets for effective self-adjustment. However, free markets have created alarming situations which in turn have generated widespread anti-corporate and anti-globalization sentiments and a strong movement for international regulations ensuring labour rights, human rights, environmental rights and social rights. As a result, the transnational capitalist class has been forced to take a pro-active initiative to counter the movement for international legislation which would control the actions of TNCs. The outcome has been the CSR-Voluntary initiative. The political agenda of this initiative is very clear- and that is to forestall any kind of legislation at the international level which would control the behaviour and restrict the activities of the corporate. Inherent in the agenda is projecting a socially responsible image of the corporate and diluting the anti-corporate and anti-globalization sentiments. It also aims to provide a space to hide illegal and morally questionable activities from public eyes.*

## Introduction

The current phase of globalization is the most aggressive phase of capitalist expansion ever seen, resulting in a drive of capital to commoditize whatever is available, to forcefully capture and convert all public space into private space, and transfer the ownership and control of everything to corporate hands. It is also restructuring the global political economy and changing the way the world economy has been organized and governed. With private capital sitting in the driver's seat and taking control of all wealth and resources and even regulatory functions, with finance capital, sitting at a distant place detached from production activities, controlling all world affairs, and having attained unrestricted mobility invading all corners of society in the hunt for super profits, the whole world in essence looks to be heading towards a stage of conscious barbarism.

This organizational and governance structure of the global political economy is justified by the theory of neoliberalism, which establishes the market as the main mechanism of socio-economic governance. Under this theory, the regulatory role of the state is considered to be destructive to the health of society and the economy, and market is projected as self-sufficient in regulating and balancing all the affairs of the economy --and thereby everything else-- and taking care of all the problems of society including poverty and unemployment..

However, frequently occurring economic crises and aggravating problems of chronic poverty, unemployment, massive displacement of populations, distress migration and environmental disasters expose the monstrous character of this market god and all the myths about it. Neoliberalists are forced to accept that these are the result of 'market failures' (However, in fact, rather than market failures, these are caused by markets' victories); but then they advocate even more freedom for markets in order to avoid these 'market failures'. However, they are also forced to advocate for some relief measures (at least apparently) in order saving the reputation, credibility and acceptability of the market god, corporate priests and the whole neoliberal religion. It is in this context that the role of corporate social responsibility (CSR) has been created. It has been propagated that the 'externalities', the term neoliberals give to poverty, unemployment and environmental disasters, that result from 'market failures', should be taken care of by voluntary corporate initiatives.

CSR took hold as an offshoot of the free market ideology of the 1980s and matured within the context of the new world economic order established by WTO. Mainstream perspectives on CSR claimed that corporate self-regulation and voluntary initiatives could address social and environmental problems and that where the state has failed, private enterprise and non-state actors could succeed. The major regional and global CSR initiatives have included Multinational Enterprises (MNE) Declaration of the International Labour Organization (ILO), guidelines from the Organization for Economic Cooperation and Development (OECD), the European Union's Green Paper and the United Nations' Global Compact 2000. CSR in all these initiatives is defined as: *"a way in which enterprises give*

*consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law".<sup>1</sup>*

There are a huge number of publications glorifying the importance of CSR and the crucial role that the corporate entity plays in society with these CSR initiatives. But there are also studies which expose how CSR is only profit-orientated and how its 'social responsibility' aspect is in fact a farce. The debates around CSR are centred on the issues, whether CSR should be voluntary or obligatory; and corporate responsibility or corporate accountability? These debates are actually a reflection of a more important, basic debate that is, however often consciously overlooked, of the anarchy of free markets versus regulations at national and international level. With globalization and liberalization, it is a dominant trend to deregulate nationally and re-regulate internationally on the issues of interest to capital; but in the interests of the people, for social rights, labour rights and human rights, deregulation nationally has not been accompanied with regulation internationally. This is generally left to the voluntary initiatives of CSR. Even the ILO jumped on the CSR bandwagon, and rather than asserting and demanding regulatory powers for compulsory implementation of its conventions, it is moving in reverse gear, going against its own objectives and shamefully singing the CSR song.

Recently, in a discussion with workers in the Noida industrial area in Delhi (NCR Delhi), one worker, Vishwakarma, asked me a question: "Many of these corporates do not pay us even the minimum wage. They never pay us premium rates for overtime even when we completely squeeze ourselves for them. They are so greedy, that for even a few pennies of profit many times [they] do not allow us to go to toilet during work time. Then why are they talking about CSR? How have they suddenly become so kind-hearted? But are they really becoming kind hearted? Why then are we not experiencing any change in their attitude in the factories, at the workplace?"

This paper is an attempt to clarify and elucidate the issues surrounding CSR in order to answer such questions. It is an attempt to see the development of CSR in a politico-economic perspective, and to understand the crucial factors that played a role in shaping it and finally to expose the corporate agenda behind CSR.

### **Political Economy behind CSR**

The capitalist expansion means nothing but an all out war launched by capital to commoditize and privatize anything in the universe that is still left in public sphere and centralize the ownership and control of everything in corporate hands. The success of capital in this drive depends on the balance of power between capital on the one hand and labour and the people at large at the other. This war has been ongoing since the emergence of capitalism. This war and the power balance between the two classes is very well reflected in the state's behaviour in terms of moving in favour of people, trying to be

neutral or openly taking the position of capital in different periods. It is also reflected in the varying scope and coverage of the state's control over national wealth and resources and also its regulatory authority in different periods. In this light, the current phase of globalization is the most aggressive phase of capitalist expansion which is commoditizing virtually everything from nature to emotions, privatizing whatever is still left in the public sphere, transferring the ownership and control of everything to corporate hands and virtually transforming the state into a corporate agent. It is to be noted that the state is still a regulatory authority and it will always remain with this authority, but what has changed is the character of the state. We are seeing that in a way deregulation also means regulation-and in the present context it means regulation in favour of the corporate. With this drastic change in the balance of power in favour of the capital, the state is transformed into a corporate agent and thereby legislating as much as possible in favour of corporates and against labour and the people at large.

The current phase of globalization started with, on the one hand, the downfall of the socialist movement and labour movement in general, and on the other hand, with the triumph of finance capital and emergence of huge transnational corporations virtually controlling the whole political economy of the world.

### **Triumph of Finance Capital**

If we look at the two forms of capital, money capital (finance capital) and productive capital (industrial capital), by their nature they often reflect conflicting interests. Money capital means liquidity and hence for its expansion it demands the greatest degree of flexibility and freedom of movement. Therefore, money capital is always interested in the opening and deregulation of markets, and in seeking a reduction in the barriers to trade and investment. On the other hand, the productive capital means capital invested in a particular input-output combination for profit maximization and hence it usually demands protection, stability (even rigidity), and a narrowing down or closing down of options. There is another very important aspect of productive capital. Due to its spatial fixity, productive capital remains in very close proximity to the factors of production, labour and natural resources used as raw materials in production, therefore it directly and tangibly influences these factors and in turn is affected by them. Hence it is compelled (there was more space to compel it) to develop some concern for the protection of these factors of production. Money capital, on the other hand, having no direct linkages with these factors, considers them as non-market and non-value aspects and therefore never shows any interest in protecting them.

Until the first half of twentieth century, industrial capital was the main form of capital accumulation and therefore industrial capital played a dominant role. The fate of money capital was almost completely linked with that of industrial capital. *“During the first half of the twentieth century the capital accumulation process continued to be focused on industrial capital, as it had been from the beginning of the industrial revolution. Financiers played a greater role as partners, and frequently dominant partners, of industrial capitalists. The two*

*groups shared the goal of maximizing the profits of productive capital (steel, oil, chemicals, utilities, paper, etc.) however much they may have fought over the division of the spoils. There were, of course, specialists like commercial bankers, stock brokers, and bond dealers who lived in a financial world where speculation was always a temptation and on occasion, as throughout the history of capitalism, could take on a life of its own involving wide segments of society with disastrous results for many. But on the whole finance was still subordinate to production.”<sup>2</sup>*

But things started changing in second half of the twentieth century after the Second World War. It was reflected in the fact that particularly in imperialist countries, restrictions on activities of domestic capital and foreign investment were given up. State could exercise a control over mobility of capital so long as goods and services were produced within countries by home companies for domestic consumption, but it was no longer possible after the emergence of global factories and transnational corporations.

It was actually the systemic crisis of the 1960s and 1970s which finally resolved the conflict between finance capital and productive capital and the result was largely in favour of finance capital. This crisis created a compelling condition for metropolitan productive capital to restructure and expand its production operations in such a way as to utilize all the possibilities available to save costs and maximize profits, in order to resolve the crisis of stagnation, which was not possible without far reaching deregulation of national economies.

But this was also the period when newly independent, developing countries organized in the Group of 77 (in collaboration with the labour movements), were not only restricting and controlling the influence of imperialist capital in their countries, but also trying to restructure and democratize the global political economy to reduce the overall control of imperialist capital (demand for New International Economic Order). It was with this background that on the one hand, the whole metropolitan capital united under the leadership of finance capital, and very aggressively forced the globalization and liberalization of economies of the world since 1980s. At the same time, industrial production was restructured along the lines of post-fordist models, scattering the assembly lines of production and the chains of the MNCs all over the world, in particular converting low-wage Third World countries into centres of labour-intensive manufacturing. The globalization and liberalization also resulted in the naked looting of precious natural resources of developing countries. Technological revolutions in telecommunications, transport, and automation enabled this globalization process; but the globalization was a conscious project of capital and not the automatic result of this.

### **Restructuring of Production and reorganization of Social Relations**

The current phase of globalization has a far greater impact in terms of the reorganization of production and social relations than any other earlier phase. The following aspects can be identified as the major aspects of this phase:

1. Global capital started acting as 'a class for itself', rather than merely 'a class in itself'. This means that global capital in the leadership of metropolitan capital consciously organized itself to achieve the desired goals, formulated well defined policies and regulations to restructure the global economy, production relations and social relations and forced the states to implement these policies and regulations around the globe. This resulted in an historically unparalleled drive for commoditization and privatization of all resources still left in the public sphere and centralizing the ownership and control of all resources and even regulatory functions in corporate hands. Privatization of regulatory functions and shifting the regulatory authorities to international agencies formed by global capital as 'a class for itself', drastically reduced the power of the working classes to affect policy changes at national level.
2. Global capital acting as 'a class for itself' is acting in very conscious and planned way, at both production places and in society in general to blunt the class consciousness of the working class. At the factory level this is done by new management practices well designed to continuously inject pro-capital and anti-labour perspectives in workers; and the huge network of ideological, political, cultural arms of global capital have successfully infiltrated social movements, effectively working to achieve the same goals in society in general.
3. The life of capital depends on generating new real and un-real needs in the society, which is essential for capitalist expansion and also for increasing the dependency of people on capital. Global capital as 'a class for itself' is more equipped than in any earlier phase/period to effectively address this task and exercise effective psycho-cultural control over workers and society in general. This has an overall negative impact on the power of the working class.
4. The expansion and reorganization of production has almost assimilated everything in the value chain of global capital. Huge sections of various categories of self employed workers and peasants are assimilated into the global value chain and virtually converted into the most exploited categories of wage workers. The global value chain compels them to impose a self discipline on themselves to produce surplus value for capital.
5. The reorganization of production operations on post-fordist models is the most important aspect of globalization. This reorganization resulted in factories taking the shape of global factories. To transfer the burden of social and environmental costs of production, the labour intensive and environmentally costly manufacturing operations are largely being shifted to developing countries. This is accompanied with an imposition of the new global economic order, compelling the developing countries to shift from import substitution growth models to export- oriented development strategies based on foreign investment. Therefore, to accelerate economic growth in the framework of new development strategy, the developing countries are compelled to compete with each other for more and more export orders and for more and more of a share of foreign investment. Metropolitan capital is reaping super-profits by throwing them into this cut throat competition. This competition becomes unique in the sense that victory depends on another actual war with its own people, its own working class. To win this battle developing

countries are actually competing with each other to provide huge incentives to corporate in various forms including tax exemptions and unrestricted access to natural resources and unrestricted supply of cheaper labour, etc. Capital having attained unrestricted mobility can fly away at any moment (getting better avenues of profitable investments) resulting in disinvestment and mass unemployment; and therefore the cut throat competition among developing countries becomes a sustained feature not only to win the investment but also to sustain the investment. This reorganization of production has a far reaching impact on the working class. The informalisation of labour and rampant violation of labour rights is actually inbuilt in this development strategy. On the other hand, scattering of the working class at various levels of value chains has drastically reduced the organized strength of the working class.

For whole of the twentieth century, the production structure was such that goods were manufactured in factories owned by companies with brand names, and they were based in their home countries mainly producing for home markets but with a substantial amount also exported to foreign markets. But in the current phase of globalization this production structure is completely changed and a new international division of labour has taken shape.

This is most evident in the transnational apparel industry. Most of the big brands in the apparel industry do not own or operate factories but from their corporate offices in America, Europe, Japan, South Korea or Taiwan, they send orders for production of required designs of apparels in required amounts to the thousands of factories operating in low wage countries of Thailand, Indonesia, Mexico, Philippines, Bangladesh, Cambodia and India and throughout Eastern Europe. Without suffering any of the headaches of running factories of their own, they get their required supplies of their brands on time. It is interesting to note that in this outsourcing arrangement, the multinational brands are able to reap super profits by exploiting the cheap labour of developing countries and also in the meantime transferring all the economic (infrastructure), social and environmental costs of production and all the financial and operational risks to the subcontracting factories. In an informal discussion one garment factory manager in Noida told me that in order to properly run the factory throughout the year, it is necessary that the orders are evenly distributed throughout the year. But the brands do not care for these things. The orders fluctuate in such a way that in some months there are a flood of orders and in some months none. Sometimes orders stop suddenly. In these situations, it becomes almost impossible for the factories to employ regular workers and to follow the labour standards even if they themselves are willing to follow them. To cope with these situations, most of the factories employ more than 90 percent casual or contract workers and frequently dismiss them when there are no orders. Moreover, the brands always pressurize the suppliers to reduce costs and that ultimately means reducing labour costs. Under such a system, the struggle for better working conditions and wages become very difficult.

This situation has also emerged in other industry sectors, such as electronics and the automotive industry. However, in some industries like the automotive industry, parts

assembly is still done by the brands. A high degree of international subcontracting has become possible as a result of declining shipping and communications costs. Parts and pieces are moved not merely between countries, but also *within* corporate production networks, where transfer pricing reduces or eliminates certain types of costs, such as taxes on the full value of the product.

### **Deregulation at National Level and Re-regulation at International Level**

Globalisation and liberalization, in the process, also created its own force and resulted in the formation of a new transnational capitalist class (TCC) acting as the leadership of metropolitan capital, including the corporates of the developing countries who very soon transformed themselves in multinational corporations (A quantum jump is seen in the emergence of multinational corporations in India in 1990s; similar are the situations in other newly industrialized countries or NICs). It expanded the support base of TCC for globalization and liberalization and minimized the possibilities of any great resistance from developing countries.

It is in this background that the deregulations at national level and re-regulation at international level became the rule of the game and supranational economic planning agencies captured the stage, virtually acting as international governments. At this stage, the regulations for the global economy were to be decided by these supranational economic institutions, the International Monetary Fund (IMF), the World Trade Organization (WTO), the World Bank, and the OECD, and business planning forums such as the World Economic Forum (WEF), the Trilateral Commission (TLC), and the International Chamber of Commerce (ICC), etc. National governments were only to implement these regulations by harmonizing their regulations with these international regulations.

Supranational organizations, like the WTO and the IMF, possess high degrees of autonomy, low levels of transparency, limited accountability to political authorities, and almost no responsibility to put things to rights when their actions and policies go wrong. However, this is largely an illusion. Behind the curtain they are controlled by and work on the dictates of their creators, the transnational capitalist class led by metropolitan capital. This is clearest in the actions of the WTO.

The implementation of the dictates of the supranational agencies is so forceful that whoever tries to oppose them is crushed by way of various sanctions and other means,

There is an inbuilt brutalism in the structure of the new world order. Globalization and liberalization are leading to social and environmental disasters and giving birth to radical social movements, but national governments, having lost much of their authority to regulate nationally, are crushing these movements to protect their regimes. If they cannot regulate nationally, they cannot accept the demands of the people without violating international laws, such as WTO agreements.

The shifting of regulatory responsibilities to international institutions, which are generally beyond the reach of the people, is also part of the effort by TNCs to depoliticize governments, especially with respect to those matters that might be particularly contentious at the national level. At the same time, shifting welfare-related responsibilities to private sector agencies, such as corporates and NGOs, glorifies the private sector and market by downgrading the public sector on the one hand, and providing an excuse for the state to do nothing for people, on the other.

### **Wellbeing of Labour & Nature is Left to the CSR**

*“At the global level, however, regulatory harmonization is restricted largely to those areas in which capital has a direct interest, especially having to do with trade and finance. Certain forms of regulation are particularly important to capital, which demands political stability, low transaction costs, and minimal investment risk. Regulations which facilitate the interstate movement of capital and goods as well as foreign direct investment and, more generally, structure the global political economy in ways supportive of capital and trade are highly desirable, while social rights and regulations—labour rights, education, housing—are regarded as imposing excessive and unjustified costs on capital and trade. Moreover, through structural adjustment programs, governments are often discouraged from seeking to regulate in such issue areas or to fund social welfare costs.”<sup>3</sup>*

All the supranational institutions are interested in overall deregulation at national level covering almost all aspects of the economy leading to privatization and commoditization of whatever is left in public space and centralizing the ownership and control of wealth and resources in corporate hands, as well as regulatory functions. On the one hand, national and international corporates are granted huge subsidies and on the other hand, they are increasingly granted exemptions by various means from bearing the social and environmental costs of production. They are exempted from regular inspections by authorities checking the implementation of crucial labour laws, such as occupational health and safety, as well as laws regarding the environment, and allowed self certification. Huge tracts of agricultural and eco-sensitive land are forcefully acquired and transferred to corporate, leading to large scale livelihood destruction and displacement on the one hand and eco-disasters on the other. Corporates are allotted rights to huge amounts of water, from both surface reservoirs and underground water, leading to severe depletion of water resources for both households and farmers. In summary, the impact of liberalization and globalization has led to the rampant violation of social rights, human rights, labour rights and environmental rights.

But, it is interesting to note that there has been no attempt by these supranational institutions to re-regulate at the international level to ensure social rights, labour rights, human rights and environmental rights. Re-regulation at the international level ensures the unrestricted mobility of capital, but there has been no attempt to re-regulate at the international level for the free mobility of labour. Re-regulation at the international level ensures, directly and indirectly, privileges and benefits of their transnational status, but

there has been no attempt to re-regulate to compel the transnational corporations to implement international labour rights, human rights and environmental rights standards.

So who or what is acting on behalf of labour? Conventions and recommendations of international agencies such as the ILO are actually lions without teeth and nails, barking dogs that make much noise but never bite. The best example is the ILO. Many countries have not yet ratified crucial ILO conventions and whatever they have ratified, rampant violations of those labour rights are permitted. But the ILO has no authority and no means to compel governments to adhere to them. Then what does this globalization and liberalization offer to people, to labour? The answer is the corporate social responsibility (CSR).

The CSR has been projected as an effective tool to take care of the externalities of liberalization and globalization. CSR is completely voluntary and *not* mandated by governmental or intergovernmental institutions. It is expected that the corporate, which is only concerned with their business, and whose actions are all directed toward promoting the business in such a way as to reap ever greater profits, will take care of the welfare of the people and their rights. Is this not a great mockery of people's rights?

There are so many initiatives connected with CSR, including the ILO's MNE declaration, the OECD guidelines, the EU's green paper and lastly the UN's big-bang project, the Global Compact. All these, and particularly the Global Compact, are projected as substitutes for international and national regulations for labour rights, human rights, social rights and environmental rights.. However, in its implementation to date, the Global Compact has actually been a means to provide global legitimacy and acceptability to the game of CSR.

CSR has flourished as discourse and practice in times when corporations and globalization and liberalization in general faced problems of legitimacy and were subject to intense public scrutiny, particularly when social turmoil erupted, i.e., in 1960-76, and from 1998 onwards.

### **Historical Evolution of CSR**

After the World War II, the United States emerged as the world's dominant economic actor and American corporates played an important role in the economic recovery of Europe. From this period emerged powerful transnational corporations (TNCs) which became symbols of U.S. power. But systemic crises in the 1960s and 1970s changed the the entire situation, leading to the closure of American factories and growing mass unemployment. Social turmoil challenging the legitimacy of these TNCs erupted. *"Broad-based concerns over TNC misconduct were intensified by news of the involvement of International Telegraph and Telephone Company, an American TNC, and involvement in the coup leading to the death of Chilean President Salvador Allende on 11 September 1973."*<sup>4</sup> In the same period, *"...nearly 500 of America's top corporations were being drawn into disclosures of improper payments*

*abroad with revelations of bribery of foreign officials, laundered money used for illegal political payments, and secret off-the-book accounts.”<sup>5</sup>*

These exposures exploded like a bomb on the American people’s consciousness, turning public opinion against the TNCs. A wide range of movements within the US raised the issues of environment, worker safety and consumers, and it was strongly argued that TNCs must be regulated. On the other hand, in the same period of 1960s and 1970s, newly independent nations were putting all their energies into converting their formal freedom into real economic and political freedom. In 1964, they organized the Group of 77 and started forcefully pursuing an agenda for a more democratic international political and economic order that was naturally against metropolitan capital. *“Salvador Allende’s Chile and some 20 other developing nations passed legislation controlling TNC activities, while nationalization of foreign corporations reached a peak in the first half of the 1970s”*.<sup>6</sup> The developing countries imposed regulations on foreign capital and in collaboration with labour movement also pursued *international* regulations for TNCs. This struggle surfaced at different platforms of the United Nations. The strength of this movement was growing day by day and the G-77 was later expanded to 140 countries, including China.

*“The first manifestation of their (G77) new found power was the 1974 declaration by the UN General Assembly proposing the establishment of a New International Economic Order (NIEO). The understanding that the colonially imposed ‘old’ international division of labour coupled with the freedom of capital—that is, unregulated operations of world markets—systematically disadvantages the poorer, ex-colonial countries of Africa, Asia and Latin America, now had the beginnings of an international political program. Binding international codes of conduct for TNCs were a central component of this program. In 1974, the UN Economic and Social Council (ECOSOC) set up the UN Commission on Transnational Corporations, with the UN Centre on Transnational Corporations (UNCTC) as its special research and administrative body, entrusted with three basic tasks: (1) to monitor and provide reports on the activities of TNCs; (2) to strengthen the capacity of developing countries in dealing with TNCs; (3) to draft proposals for normative frameworks for the activities of TNCs.”<sup>7</sup>*

Very soon, in 1976, the UN Commission on Transnational Corporations declared its top priority was to formulate, adopt and implement a draft for a *comprehensive* and *legally binding* UN Code of Conduct on Transnational Corporations.

It was with this threat of restriction, that the Global metropolitan capital transformed itself from the ‘class in itself’ to the ‘class for itself’ and politically organized itself to face this challenge. A comprehensive and legally binding code was a great threat to metropolitan capital, because such an international code may gradually develop mechanisms to limit and restrict the activities of metropolitan capital in a big way.

Then, rather than going on the defensive, metropolitan capital launched an offensive aimed at throwing such a legally binding code of conduct in the dustbin, and in the same year

1976, formulated and forcefully advocated for OECD Guidelines on Multinational Corporations, a voluntary code of conduct. It is very interesting to see how they won this battle. On the one hand, by using the OPEC-orchestrated oil crisis of 1973, they virtually crushed the G-77. Whatever resistance was left was further crushed in the global recession of 1980–82, which was the result of record-high interest rates in the U.S. and Europe, causing resource prices to collapse and throwing developing countries into a debt trap. Thereafter, the third world's agenda of a New World Economic Order was finally pushed into the background. The IMF-World Bank started effectively disciplining third world countries in the name of structural adjustment programs. Metropolitan capital had succeeded in stalling the process of formulating a binding code of conduct.

It was during this period of collectively acting to defeat the attempts for a binding international code of conduct, that international business began organizing itself with a long term perspective. Klaus Schwab established the World Economic Forum (WEF) in 1971 and David Rockefeller established the Trilateral Commission (TLC) in 1973. ICC membership and support increased dramatically. It was during the fight against the UN attempts for binding code of conduct, the transnational capital realized that it could not rely only on their states, but needed to organize itself to become class for itself. There were well articulated political concerns and objectives behind this attempt to organize themselves in a class for itself, and the concerns and objectives went beyond the issue of binding codes. The US Chamber of Commerce memorandum, entitled "Attack on American Free Enterprise System," written by Lewis F. Powell Jr. in 1971, articulated very clearly business's political program of the past 30 years. It was circulating widely at the time. Powell's basic argument was that the business was losing the battle for American hearts and minds. He said, *"We are not dealing with sporadic or isolated attacks from a relatively few extremists or even from the minority socialist cadre. Rather, the assault on the enterprise system is broadly based and consistently pursued. The most disquieting voices joining the chorus of criticism come from perfectly respectable elements of society: from the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and from politicians." And that, "If our system is to survive, top management must be equally concerned with protecting and preserving the system itself..."*<sup>8</sup>

The Powell's memorandum actually provided a well thought economic, political, cultural and ideological agenda for metropolitan capital. The goal was not only to defeat any opposition to the interests of the metropolitan capital, but to crush it before it emerged, and take control politically, culturally and ideologically of the spaces and grounds from where it emerged. His program was accepted by transnational capital and it was with this background that a large number of political action committees of the corporate world appeared on the scene. A large number of corporate funded foundations started acting all over the globe and huge amounts of corporate funding were directed toward penetrating the media, academia, NGOs and many other spheres. It is very interesting story to understand how it affected the social movements worldwide, but here we cannot go in much detail of these aspects.

Metropolitan capital organized as a transnational capitalist class was able to crush the G-77 movement (which had been working in collaboration with labour movement) for NIEO and successfully stalled the process of implementing a UN binding code for corporates. However, in reaction to capital's aggressive moves for liberalization and globalization in the 1990s, a strong global social movement of a new kind again emerged. The global protests, organized under the Global Justice Movement, again started raising similar issues and forcefully challenging the legitimacy of transnational corporations. A very wide and deep anti-corporate sentiment started growing worldwide following the exposure of the corporate misdeeds.

*“Royal Dutch Shell was attacked relentlessly for its role—or lack of it—in relation to the killing of Ken Saro-Wiwa and the oppression of the Ogoni people in, then, non-democratic Nigeria.”<sup>9</sup> Further, “in North America, popular frustrations over corporate rule and power crystallized in November 1999, when some 60,000 people flooded the streets of Seattle and succeeded in shutting down meetings of the WTO’s Third Ministerial meeting.....Popular anti-corporate sentiment in the U.S. was strengthened when the Enron scandal hit the front pages.”*

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These events actually reflected the global trend in anti-corporate movements and reporting.. It is to be noted that this was happening in a world where the reputation of a corporate played a more important role than in any earlier phase, in determining a company's fortunes. Therefore, the anti-corporate movements were successful in compelling the corporate to respond to these issues. It was with this background that the CSR was reborn..

*“Wal-Mart’s code arrived after reports surfaced that its supplier factories in Bangladesh were using child labour; Disney’s code was born of the Haitian revelation; Levi’s wrote its policy as an answer to prison labour scandals. Their original purpose was not reform but to “muzzle the offshore watchdog” groups.”<sup>11</sup>*

The global labour and social movement in the 1990s powerfully argued and moved for global regulation of corporates by linking the ILO with the WTO. It was argued that the ILO's rights-oriented culture must be associated with the WTO's enforcement power and sanctioning process, and only then would the ILO achieve any relevance. Embedding the ILO standards of freedom of association, the right to collective bargaining, the abolition of forced labour, the prevention of discrimination in employment, and a minimum age for employment in the WTO would make these standards enforceable and states would be compelled to implement them, And corporates would be compelled to comply with them. Therefore, even if this attempt of the labour movement and social movements was ultimately defeated and the idea was rejected outright by the WTO, the international business community would feel a threat of the reoccurrence of such attempts if the strength and unity of social movements standing against corporate and globalization-liberalization in general was not crushed.

During the whole of the 1990s, the transnational capitalist class, organized in various business forums listed above, was fighting against these attempts to institute international regulations on corporates. It is to be noted that even when the process for formulating binding codes of the UN for corporates was stalled (one draft had already been prepared in 1981), there was every possibility that the Global Justice Movement might again take up that issue. In addition, transnational capital rightly read the 1992 UN Conference on Environment and Development (UNCED), popularly known as the Earth Summit in Rio de Janeiro, as a threat. And the threat was real. *"In preparing for the meeting, the then still-extant UNCTC was asked by the UN Economic and Social Council (ECOSOC) to prepare a set of recommendations addressing transnational corporations and other large enterprises that governments might use in drafting Agenda 21—the summit's major document."*<sup>12</sup>

The original UN Code on Transnational Corporations and the Center drafting it were virtually terminated by 1992. UNCTC actually prepared a report which might have laid the foundation for a set of international standards on corporate business activities and on the issue of sustainable development, but the secretariat actually rejected the report, and by the time the Earth Summit began in June 1992, the UNCTC has virtually been disbanded. The Earth Summit's official recommendations were finally provided by the Business Council for Sustainable Development (now the World Business Council for Sustainable Development, or WBCSD). The Business Council for Sustainable Development was made up of the CEOs of some of the world's most powerful corporations. Lastly, the outcome of the summit ensured that there was no mechanism to control the activities of corporates other than self regulation.<sup>13</sup>

However, this was not the end. The strength of global protest movements was increasing and it was further felt when OECD suffered a major political setback in 1997 with the collapse of talks it was hosting on the Multilateral Agreement on Investment (MAI), and the large scale protests outside WTO meetings in Seattle in 1999.

After the failure of the WTO ministerial meeting in Seattle, the transnational capitalist class directed its efforts to come out with more effective looking voluntary codes and co-opting major sections of the global protest movement. This was reflected in the OECD moving from a strategy of exclusion (the MAI had been negotiated in secret) to one of accommodation. Civil society organizations that had rallied against the OECD were now invited to the bargaining table for a high-stakes review of the guidelines. The objective was to build a broad international constituency in support of the guidelines by involving a wide range of groups and giving them a stake in the development and implementation of its codes. The strategy proved to be largely successful.

It was against this background that the Global Compact between the UN and business was declared in a speech by the then UN Secretary General Kofi Annan at the World Economic Forum in Davos in 1999. The whole relevance of the Global Compact was built in the speech on the grounds of TINA syndrome, that there is no alternative to neoliberal globalization and that the imbalances that are created by this can be cured by voluntary

initiatives of corporates. It is sad to see the way the UN and Annan moved from advocating for a binding code on corporates to accepting the voluntary code of the Global Compact. It reflects the victory of the transnational capitalist class and the defeat of the global social movement: The transnational capitalist class successfully broke the compact (to whatever degree) of the UN with the Global Social Movement and formed the Global compact of the UN with business. The transnational capitalist class recognized (as it was reflected in 33rd World Congress of the ICC in 2000) that the compact provided a golden opportunity for business to win the globalization debate. The Global Compact was in essence a compact between the UN and business against labour and the people of the world in general. This shift from a binding code to a voluntary code was nothing less than approval that corporates were beyond any regulations. By winning this battle, the transnational capitalist class was successful in using the acceptability of the UN as a neutral agency to win legitimacy for TNCs at a time when this class was facing a serious challenge. The Global Compact was officially launched in July 2000 with great fanfare and the CEOs of the corporations, including Nike, which had so recently been exposed and defamed for its misdeeds, were among the respected participants.

### What is CSR?

Corporate Social Responsibility is defined as, *“a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”*.<sup>14</sup> It is also defined as, *“...a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors. CSR is a voluntary, enterprise-driven initiative and refers to activities that are considered to exceed compliance with the law”*.<sup>15</sup> The characteristic features of CSR are its voluntary nature, its integral part of company management and aims or claims to work for sustainable development.

There have been three major global initiatives on CSR, the MNE Declaration of ILO, OECD guidelines and the Global Compact of the UN.

<b>Main Elements of Three Major CSR Initiatives</b>		
<b>The MNE Declaration</b>	<b>UN Global Compact</b>	<b>OECD Guidelines</b>
<p><b>a) General policies</b></p> <p>The MNE Declaration contains recommendations to achieve sustainable development and respect for</p>	<p>The Compact asks companies to embrace, support and enact, within their sphere of influence, a set of core values in the areas of human rights, labour standards, environmental protection, and</p>	<p>The OECD Guidelines are divided into nine chapters covering the following issues: general policies, disclosure, employment and industrial relations, environment, combating bribery, consumer</p>

<p>human rights at the workplace. It invites multinational enterprises, governments, employers' and workers' organizations to respect international standards concerning human and labour rights; and honour commitments in conformity with national law and accepted international obligations.</p> <p><b>b) Employment</b></p> <p>Ensuring the promotion of direct and indirect employment, equality of opportunity and treatment, and employment security.</p> <p><b>c) Training</b></p> <p>To encourage skill formation and development and vocational guidance.</p> <p><b>d) Conditions of work and life</b></p> <p><b>1. Wages, benefits and conditions of work</b></p> <p>To offer their employees wages, benefits and conditions of work comparable and not less favourable to those offered by local employers similar in size and resources.</p> <p><b>Minimum age for admission to employment –for abolition of child labour</b></p> <p><b>Occupational safety and health-</b>To maintain the</p>	<p>the fight against corruption, and to undertake partnership projects in support of the United Nations Millennium Development Goals (MDGs).</p> <p>The ten principles based on:</p> <p>The Universal Declaration of Human Rights 1948</p> <p>The ILO Declaration on Fundamental Principles and Rights at Work 1998</p> <p>The Rio Declaration on Environment and Development 1992</p> <p>The United Nations Convention Against Corruption 2003</p> <p><b>Human rights</b></p> <p>1. Support and respect internationally proclaimed human rights</p> <p><b>Labour</b></p> <p>3. Freedom of association and the effective recognition of the right to collective bargaining</p> <p>4. Elimination of all forms of forced and compulsory labour</p> <p>5. Effective abolition of child labour</p> <p>6. Elimination of discrimination in respect of employment and occupation</p> <p><b>Environment</b></p>	<p>interests, science and technology, competition and taxation.</p> <p><b>Industrial relations</b></p> <ul style="list-style-type: none"> <li>•Provide workers' representatives with the instruments they need for developing effective collective bargaining</li> <li>•Promote consultation and cooperation between employers and workers and their representatives on issues of common concern;</li> </ul> <p>Provide workers and their representatives true and accurate picture of the entity's activities/enterprises</p> <p>Not threaten or punish workers in order to unfairly influence negotiations or to prevent them from exercising their right to organize;</p> <p><b>General policies</b></p> <p>To take into account the policies in force in the countries where they operate and contribute to economic, social and environmental progress</p> <p>Respect the human rights of those affected by company's activities</p> <p>Encourage the development of local capacity, including entrepreneurship</p> <p>Encouraging human capital</p>
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<p>highest standards of safety and health</p> <p><b>e) Industrial relations</b></p> <p>To observe standards not less favourable than those observed by local employers and to develop internal mechanisms for consultation and settlement of disputes.</p> <p><i>To respect Freedom of association and the right to organize, Collective bargaining</i></p> <p><b>f) Follow-up</b></p> <p>A tripartite working group, composed of Governing Body officers proposes recommendations for future action</p>	<p>7. Precautionary approach to environmental challenges</p> <p>8. Initiatives to promote greater environmental responsibility</p> <p>9. Development and diffusion of environmentally friendly technologies</p> <p><b>Anti-corruption</b></p> <p>10. Work against all forms of corruption, including extortion and bribery</p> <p>Global Compact cannot be considered as an instrument for the “static verification” of company behavior, instead be understood as an important first step made by a company that should be followed by practices consistent with the will to support the goals.</p> <p><b>Members</b></p> <p>a) Global Compact Office and six UN agencies (UNHCHR, ILO, UNEP, UNODC, UNDP, UNIDO);  b) Companies, c) Governments, d) Employers’ organizations, e) Workers’ organizations, f) Civil Society Organizations, g) Academia</p>	<p>formation by creating employment opportunities, facilitating the training</p> <p>Two bodies are responsible for the OECD Guidelines follow-up: National Contact Points (NCP) and the OECD Investment Committee.</p> <p><b>When a company is believed to be in breach of the Guidelines, Guidelines do not provide for sanctions against companies, but mere fact that the conclusions of NCPs should be in the public domain can have an impact on company behaviour. NCP should make the results publicly available, unless maintaining confidentiality would better ensure effective implementation of the Guidelines.</b></p>
<p>Based on the ILO Report on ‘Sustainable Development through the Global Compact: International Instruments and Corporate Social Responsibility; A Booklet to Accompany Training The Labour Dimension of CSR: From Principles to Practice’, 2007;  <a href="http://www.ilo.org/eval/Evaluationreports/lang--en/docName--WCMS_083722/index.htm">http://www.ilo.org/eval/Evaluationreports/lang--en/docName--WCMS_083722/index.htm</a></p>		

It is interesting to note that all these initiatives talk about the problems that are real and claim that CSR, voluntary initiatives of the corporate, will solve these problems, but none of them provide an analysis about:

Why there are violations of labour rights, human and social rights? What is the origin of the corruption? What is the source of environmental problems? What are the factors responsible for these problems and who are ultimately responsible for this? And what are the factors in CSR strategy that will prove more effective than state regulations in bringing improvement to the situations and how will this be achieved?

Is not capital with its infinite lust for profit in general and the corporate in particular mainly responsible for all these problems?

Are not deregulations at the national level, compelled by the international regime, actually aggravating these problems? If the binding regulations at national level were ineffective at compelling the corporate to comply, how will voluntary CSR ensure compliance? Is a change of mind by the corporate possible? Is there any hint that the corporate is going through such a change of mind and saying good bye to its lust for profit? Is there insufficient evidence that the corporate is presently on a war path against labour and the people at large all over the world and isn't this clearly reflected in the rising number of cases of union busting, repression of people's movements against land acquisitions, seizure of water resources and creation of environmental problems?

There is no authority in any of these CSR initiatives that can ensure the compliance of those good looking things that they are promising. The only authority is corporate self consent, and there is no evidence in history and no logical analysis that should lead us to believe that the corporate would go against the profit motive. How can one believe that the corporate which openly violates labour laws to save a few pennies in labour cost, and which is engaged in large scale tax evasion<sup>16</sup> over and above getting huge benefits in terms of tax exemption, will spend money on social development and social welfare?

It should be kept in mind that globalization and liberalization are accompanied by the restructuring of production operations to save costs, primarily labour costs to reap super profits. The informalisation of labour, the drive to say good-bye to labour laws,<sup>17</sup> the outsourcing of labour intensive manufacturing operations to developing countries, all these developments are nothing but ways to ensure super profits to the corporate. In such situations, is it possible that the corporate will work to generate employment (when maintaining a reserve army of labour is necessary to ensure super profits), comply with labour rights and human rights standards? Are these not contradictory actions?

Working against corruption first and foremost means not doing corruption. Can corporates maintain their huge empires without corruption? Governments cannot be spared when seeking to root out corruption, but who are the main actors that corrupt these governments? The people or the corporate? Certainly, the corporate. Yes, it is they who

give huge bribes to government authorities to get various benefits. Actually, the democracy (inherent transparency) in the political system is in contradiction to the autocracy in the economic system (centralization of the wealth and resources in a few private hands or in the hands of the corporate). Therefore, this autocratic economic system can only flourish by large scale corruption. Both international and national capital breeds and maintains this system of corruption. Many large scale corruptions by corporates have been exposed in the last few decades, but these incidences are only the tip of the iceberg. Now, in the name of CSR, the same corporates are given the responsibility to fight corruption. This has provided the corporate with a very good opportunity to hide their real character and project their anti-corruption image by misleadingly funding anticorruption movements and thereby gaining legitimacy and credibility in public eyes. The same is true on the issue of environmental problems.

There is one more aspect of CSR, community development or the broader issue of sustainable development. Here also the issues are real, but there is no analysis on what are the factors behind these problems and there is no answer to the question, what are the factors in the new initiative that will ensure improvements?

For example, agriculture in many developing countries is facing severe problems. If we take the case of India, the agricultural practices that were introduced in the green revolution, based on high yielding varieties requiring excessive use of water, chemical fertilizer and pesticides, have destroyed the ecological balance achieved over hundreds of years. The excessive use of water has resulted in a severe ground water crisis and the excessive use of chemical fertilizers and pesticides has resulted in soil poisoning, a reduction in its carrying capacity of the land and a change in soil texture. In overall terms the impact has been a decrease in productivity and a serious challenge for the sustainability. Is it possible to promote sustainable development without challenging the corporate that actually controls this agriculture production? Will the demands of long-term sustainable development practices not hinder the short-term profit-making strategies of those corporates who control the seeds and produce the fertilizers and pesticides etc.? There is virtually a fight over water resources between the people, mainly the peasants, and the corporates. The corporates have been allotted huge amount of surface water and ground water for industrial use, which was previously available for irrigation. Is it possible that without ensuring primarily enough water for irrigation, there can be any sustainable development? Will the corporates work against themselves and give away their control of the water resources in favour of sustainable development? What the corporate can do in this direction that is not scattered and haphazard? Is it possible to promote sustainable development without planning at the national level? The same problems are there in the initiatives of corporates in community development. Taking some initiatives in community development in a haphazard way can never contribute in any significant way to community development. This problem can be resolved only by identifying, prioritizing and implementing the development plans at national level. Locals are not detached from the national economy; the problems at local levels are linked with the problems of economic planning at national level.

*“An important starting point in understanding the politics of corporate accountability is the recognition that as corporations assume both a more overt presence in the public domain and take on functions hitherto associated with the state, their role as political actors is augmented and they become legitimate targets of contestation. In addition to conventional roles associated with lobbying and political financing, the politicization of the corporation manifests itself in other ways, for example, taking on state functions of basic service provisioning, standard setting, monitoring and inspection.”<sup>18</sup>*

In such situations what does CSR actually promise and for whom? The answer is that it actually promises nothing to the people and labour. But it promises a lot to the corporate. It promises the corporate will acquire and control more and crucial space in the public domain, specifically more political space that they can use to exercise more effective control over the society, economy and polity of the nations and thereby increase their fortunes. It promises them a legitimacy and credibility in the eyes of the people and a wider scope and space to hide their sins. This is now so evident and so often exposed that the non-governmental organization (NGO) Christian Aid on the basis of its experiences and studies on CSR practices in various countries has proposed the following: *“We are advocating a move beyond corporate social responsibility to corporate social accountability—meaning that companies in the future will have a legal obligation to uphold international standards.”<sup>19</sup>*

### **Conclusion: The Prospects for a Political Alternative to CSR**

CSR is basically the perspective of capital in general and TNCs in particular. It is an offshoot of neoliberalism. Neoliberalism propagates that generally the market in itself is capable of self-regulating and curing the imbalances of the economy and that state regulations are generally the cause of every problem because they hamper the capacity of the markets for self-regulation. However, the problems created by free marketeers have created alarming situations which in turn have generated widespread anti-corporate and anti-globalization sentiments and a strong movement for international regulations ensuring labour rights, human rights, environmental rights and social rights. As a result, the transnational capitalist class has been forced to take a pro-active initiative to counter the movement for international legislation which would control the behaviour of the TNCs. The outcome has been the CSR-Voluntary initiative of the corporate against international regulations. The political agenda of this initiative is very clear- and that is to forestall any kind of legislation at international level which would control the behaviour and restrict the activities of the corporate. Inherent in the agenda is projecting a socially responsible image of the corporate and diluting the anti-corporate and anti-globalization sentiments. It also aims to get a space to hide all TNC sins from public eyes.

In summary, this latest initiative is nothing more than a well crafted means to ensure CSR works to the benefit of profit-making. Tax exemptions are direct cash benefits. But the voluntary nature of CSR actually results in the corporate choosing only those activities that effectively project the brand image of the corporate in a positive light and those activities

that directly benefit the corporate's business. Ironically, CSR has generated a new business operation, that of verifying and auditing corporates' CSR performance. A large number of NGOs have actually been co-opted by their participation in CSR auditing agencies and many others by providing substantial funding for CSR research and campaign. The result has been that these NGOs are actually doing everything to justify CSR, and with mild criticism seeking to maintain a neutral image. Sadly, the impact of these CSR activities has also been disastrous in the sense that it both directly and indirectly engenders in rights-based people's consciousness a beggar's consciousness and injects in them a deep dependency on this corporate-led initiative.

Alternative politics for global labour is rights-based politics. The answer to the corporate politics of voluntary CSR is the politics of global labour for regulations at international and national level, ensuring implementation of labour rights, human rights, social rights and environmental rights.

In a world where deregulation at national level and re-regulation at international level in the interest of capital (and against labour) has become the norm, there can be only three means of reversing this situation in favour of labour and the people of the world:

1. A broad coalition of developing countries emerges as a powerful movement and succeeds in establishing a more democratic global regime that is more pro-people, pro-labour and more in favour of poor nations. However, this is possible only when more developing countries transform themselves into more democratic and pro-people states.
2. A coalition of international social movements and labour movements emerges strong enough to compel the international regime for regulations on labour rights, human rights, social rights and environmental rights.
3. A coalition of international social/labour movements and developing countries (those showing commitment to this agenda) is formed and a strong movement is launched to compel a change in the international economic order.

Given this international regime, even to fight for pro-labour, pro-people regulations at national level is difficult, unless it is accompanied by a strong movement for the same at the international level. After becoming part of the WTO, nations have lost their capabilities of regulating on issues that affect the WTO agreements they have signed. Any issue, legislation or financial matter pertaining to labour rights, human rights, social rights and environmental rights is required to adhere to the WTO framework, or may not be allowed. Many of the issues related to these rights require state subsidies, welfare expenditure and the re-nationalization of public services on the one hand, and regulations to control the behaviour of the corporate on the other. These will certainly violate the framework of the WTO. It requires courage and willpower to challenge the WTO framework, and only those states that are largely pro-labour and pro-people can have that courage.

It is worth noting that the emergence of a strong movement advocating international regulations and the New International Economic Order (NIEO) in 1960s and 1970s was possible only because of the comparatively pro-people regimes of the newly independent nations which formed the G-77 and the coalition that emerged between the international labour movement and the G-77. This coalition was forcibly broken in the 1980s by the imperialist countries which crushed the backbone of developing countries that fell into the debt trap in the 1980-82 crises.

However, there is a possibility that such a coalition may again emerge. Right now all the factors for the emergence of such a coalition are still weak. However, the contradictions in globalization are growing so fast that in the near future things may change. The labour movement is still weak, but if we look at the ground it is growing fast and gaining strength. The global justice movement appears much larger and stronger than its earlier incarnations. And the third factor with all its weaknesses and limitations, has also emerged on the scene in the form of the Group of 20 plus developing nations. Since its founding by Brazil, India and South Africa on the sidelines of the fifth ministerial meeting of the WTO in Cancun in June 2003, the G-20 has grown to include a large portion of the developing world, including, among others, Argentina, Bolivia, Brazil, Chile, China, Cuba, Egypt, Guatemala, India, Indonesia, Mexico, Nigeria, Pakistan, Paraguay, Peru, Philippines, South Africa, Thailand, and Venezuela.

The G 20 was organized in response to longstanding concerns over agricultural subsidies and trade-related intellectual property rights under discussion by the WTO. More than 51 percent of the world's population and 63 percent of its farmers live in G-20+ countries, producing more than a fifth of global agricultural output and more than a quarter of farm exports (Capdevilla 2003).<sup>20</sup> However, the group's demands were not met at that 2003 meeting and the talks collapsed. It is quite evident that group's emergence represents a significant change in the landscape of multilateral trade negotiation.<sup>21</sup>

However, the G-20+ is far weaker in all respects than the G-77. There is a possibility of an alliance between labour/social movements and the G-20+ only when the movement is strong enough to compel G-22+ to show the courage to challenge the existing framework of the WTO. Consistent efforts to come together to fight on the issues of the common concern at the international level can be the only way to realize this possibility to any extent.

Therefore, the political alternative that we are left with is to fight for regulations at the international level (as well as the national level) by building as broad a coalition of forces as possible. Along with legislation on labour rights, social rights, human rights and environmental rights, we must also demand specific legislation ensuring the legal responsibility of the corporate to social development, not with CSR, but in the form of additional development and welfare taxes. The privatization of major state assets and resources which has significantly reduced the capability of the states to raise funds for public welfare, social security and overall social development, must be redressed.

As has been seen in many countries in Asia, corporates are constantly pressuring governments to reduce corporate tax rates even in times when they are reaping windfall profits and the general population is forced to absorb higher prices including sharply higher prices of basic necessities. As such, the tax burden of the poor and low income earners rises greatly in proportion to their disposable income. This is seen again in the 2011-12 budget of Government of India. As Roy rightly mentioned the 2011-12 Budget of Indian Government comes at a time when people are suffering due to high inflation and relentless rise of food and fuel prices. *"In this backdrop, the massive Rs. 20000 crore<sup>22</sup> cut in major subsidies for 2011-12 on fuel, fertiliser and food, from what was spent in 2010-11 (Revised Estimates), come as a rude shock. ...The direct cash transfer programme announced for implementation from next year is a smokescreen for this subsidy cut. ...The Budget has provided relief of Rs. 11500 crore in direct taxes, while proposing to mobilize an additional Rs. 11300 crore through indirect taxes, which will inevitably be passed on to the consumers. This is a regressive taxation regime, which enriches the rich while burdening the ordinary citizens. As per the Statement of Revenue Foregone, total tax concessions reached over Rs. 5 lakh<sup>23</sup> crore in 2010-11, with corporate tax exemptions totalling over Rs. 88000 crore. The tax-GDP ratio, which had reached almost 12 percent in 2007-08, has declined since then to around 10 percent in the current Budget. ...The allocation for NREGS (National Rural Employment Guarantee Scheme) has fallen by Rs. 100 crore, despite a claimed increase in the wages. The provisions for ICDS (Integrated Child Development Services Scheme) are far below the estimates for full universalization as directed by the Supreme Court. ...the budget provision for the Agriculture Department has been cut from last year. The allocations for the welfare of women, minorities, dalits and tribals are thoroughly inadequate."*<sup>24</sup>

Social development funding and social security for the people can never be a charity or business. These are the rights of the people and the responsibilities of the state. They should never be left to be determined by market forces. Particularly by fulfilling this responsibility, the state gets a legitimacy and authority to ask the people to comply with the laws and policies. If it is denying fulfilling these responsibilities, it will also lose this authority. Polanyi has rightly said, *"The idea of a self-adjusting market implied a stark utopia. Such an institution could not exist for any length of time without annihilating the human and natural substance of society; it would have physically destroyed man and transformed his surroundings into a wilderness."*<sup>25</sup> And there is no need to add that the people of the world do not want it to happen, and they will never let it happen.

## Endnotes

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<sup>1</sup> ILO 2007, 'Sustainable Development through the Global Compact: International Instruments and Corporate Social Responsibility; A Booklet to Accompany Training, The Labour Dimension of CSR: from Principles to Practice', [http://www.ilo.org/eval/Evaluationreports/lang--en/docName--WCMS\\_083722/index.htm](http://www.ilo.org/eval/Evaluationreports/lang--en/docName--WCMS_083722/index.htm)

<sup>2</sup> Paul M. Sweezy 1994, 'The Triumph of Financial Capital', *Monthly Review*, Volume 46, Issue 02 (June).

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<sup>3</sup> Ronnie D.Lipschutz and James K.Rowe, 2005 'Globalization, Externalities, and Regulation', in Ronnie D.Lipschutz and James K.Rowe (ed.), *Globalization, Governmentality, and Global Politics Regulation for the Rest of Us?*(Part I, page 33); Routledge/RIPE series in global political economy; Routledge.

<sup>4</sup> James K.Rowe 2005, 'Corporate social responsibility as business strategy', in Ronnie D.Lipschutz and James K.Rowe (ed.), *Globalization, Governmentality, and Global Politics Regulation for the Rest of Us?* Routledge/RIPE series in global political economy; Routledge.

<sup>5</sup> Ibid.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> Ibid.

<sup>13</sup> Ibid.

<sup>14</sup> European Commission definition of CSR as quoted in ILO Report on 'Sustainable Development through the Global Compact: International Instruments and Corporate Social Responsibility; A Booklet to Accompany Training The Labour Dimension of CSR: from Principles to Practice', 2007; [http://www.ilo.org/eval/Evaluationreports/lang--en/docName--WCMS\\_083722/index.htm](http://www.ilo.org/eval/Evaluationreports/lang--en/docName--WCMS_083722/index.htm)

<sup>15</sup> ILO definition of CSR as quoted in ILO Report on 'Sustainable Development through the Global Compact: International Instruments and Corporate Social Responsibility; A Booklet to Accompany Training The Labour Dimension of CSR: from Principles to Practice', 2007; [http://www.ilo.org/eval/Evaluationreports/lang--en/docName--WCMS\\_083722/index.htm](http://www.ilo.org/eval/Evaluationreports/lang--en/docName--WCMS_083722/index.htm)

<sup>16</sup> "The Income-Tax (I-T) department in India has claimed that many multinationals are guilty of tax evasion. An investigation completed in December 2006 showed that many of them simply adjusted profits made in India against losses incurred in other countries to avoid paying tax. I-T sleuths found that about Rs 10,000 million in profits were never declared and thus the tax on them never paid. I-T department officials, who declined to be named, said their Assessment Wing was sending out notices to the evaders, demanding that they cough up Rs 14,000 million in taxes and penalties. Multinationals are the guilty party of this method comprising 91 per cent of the violators found in 2006, while 9% were domestic companies." ([MNC Tax issues in India](http://www.csr-asia.com/index.php?id=8696); <http://www.csr-asia.com/index.php?id=8696>)

<sup>17</sup> In India the state is trying by all means to amend the labour laws in favour of capital and against labour, but it is not successful in doing this because of strong opposition from trade unions. Therefore, the attempt is also to make the laws mean less, by paralyzing the machinery of inspections, allowing self- certification of crucial labour laws and granting exemptions from crucial labour laws in special zones. Special Economic Zones

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hosting export-oriented industries are already enjoying exemptions or relaxations of some crucial labour laws; and now there is a move to enact laws for establishing National Manufacturing Investment Zones, and the proposal is to exempt these zones from almost all labour laws.

<sup>18</sup> José Carlos Marques, Peter Utting, 'Corporate Social Responsibility and Regulatory Governance: Towards Inclusive Development?', UNRISD 2010  
<http://www.unrisd.org/80256B3C005BCCF9/search/FC4B33B96A33AB0DC125767E0046BA3C?OpenDocument>

<sup>19</sup> Christian Aid, *Behind the mask: the real face of corporate social responsibility* (London: Christian Aid, 2004)

<sup>20</sup> James K.Rowe 2005, loc.cit.

<sup>21</sup> Ibid.

<sup>22</sup> 10 million = 1crore

<sup>23</sup> One million = 10lakh

<sup>24</sup> Roy, P.Ch., 'Union Budget 2011–A Critique'; <http://munibor.wordpress.com/2011/02/28/union-budget-2011a-critique/>

<sup>25</sup> Polanyi, Karl. 2001. *The Great Transformation* (Boston, MA: Beacon, 2nd ed.)