Corporations, the UN and Neo-liberal Bio-politics

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ABSTRACT Ewa Charkiewicz shares with readers a think piece that puzzles out the ever increasing popularity of corporate social responsibility (CSR). She is interested in why it appealed so strongly to the UN and civil society and asks what problems did it help to solve, on what terms does it operate and in particular, how has the consent and engagement with the discourse on CSR been generated? She warns that there is a double game being played, and that behind the caring face of CSR a war is being played out against ‘bare life’ and peoples’ livelihoods.

KEYWORDS Foucault; governance; NGOs; environment; livelihoods; energetics

Introduction

Since 1970, the United Nations conducted a programme on transnational corporations in their headquarters in New York. One of key concerns to this office was to ensure that transnational corporation apply the same standards overseas, for instance in relation to accounting for profits, terms of employment or domestically prohibited toxic chemicals, as they do in the countries of origin. Efforts to develop binding agreements or a non-binding code of conduct for corporations turned to be unsuccessful. In 1992, the programme was moved to UNCTAD in Geneva, and a few years later, it was dissolved. In the late 1990s, the UN engaged with corporations again but on different terms. In 1996, Kofi Anan created an advisory council of CEOs, and in 1999 went to the World Business Forum in Davos to propose Global Compact with corporations. In 2002, Chevron signed an agreement with UNDP for community development in the Niger Delta. Earlier UNICEF signed an agreement with McDonalds. These changes at the UN correspond with the avalanche of commitments to corporate social responsibility (CSR) among business, governments, academia, and NGOs.

CSR family album

In order to make sense of the appeal of the discourse on CSR, I have made an archive, an equivalent of CSR family album that registers events from the infancy of corporations in the seventeenth century, includes examples of historical regulations as well as debunked regulatory proposals, lists corporate statements, events, alarming reports on corporate performance, propositions on what is a socially responsible corporation, ac-
tors who enunciated and sustained this discourse, corporate and social disasters and litigation cases that mobilized it, as well as popular novels and Hollywood movies on corporations as villains. The archive provides a historical outline of the evolution of discursive formation called CSR.¹

The political–theoretical framework of these thoughts on CSR draws on the work on Michel Foucault, and contributes to Foucauldian feminism (Schild, 2000; Rankin, 2001; McLead and Durham, 2002) and governmentality studies (Foucault, 1991, 2003; Gordon, 1991; Dean 1999, Rose, 1999).

Michel Foucault was a French political philosopher who analysed the relations between truth, power and knowledge. At stake for Foucault is not what is the truth, but how truth is produced. For Foucault power is neither good or bad, nor associated with any particular locations. Rather, it manifests itself in an evolving network of relations of power operating through colliding and colluding discourses which traverse and sustain society. Subjectivities and the organization of society are the effects of power. Resistance is not outside of power. If will to know is will to power, resistance is sustained as long as there is will to live.

In his later work, Foucault linked micro-powers operating on the body with the macro-forms of domination. For this purpose, Foucault developed conceptual devices such as biopolitics, the regulatory controls over populations, or ‘the right disposition of things’ that aligns bodies with state and market. Another conceptual device that Foucault developed to makes sense of neo-liberalism is governmentality or a conduct of conduct that helped Foucault show how subjectivities have been restructured together with markets and states. Foucault’s analysis of power rests on the assumption that power can only be studied through its effects. Following Foucault, I will analyse how power is organized in the global economy by studying the discourse on CSR as the outcome of the reorganization of power.

A genealogical sketch

As with my archive the new discourse on CSR began some 35 years ago in the United States. I am talking of a new discourse, because the term itself was used much earlier to denote corporate charitable giving. In 1970, the United Church of Christ (Baptist and Reformist Congregations) put on the agenda the concept of socially responsible investment at their synod, and produced the report on Investing Church Funds for Maximum Social Impact. One of their concerns was to withdraw American investments from South Africa to put pressure on the government to cancel apartheid laws and policies. In 1971, they had their first CSR staff appointed and established the Interfaith Centre on Corporate Responsibility. In order to make responsible investment decisions, church organizations, other groups with interest in CSR as well as the institutional investors had to compare and analyse different companies and portfolios. The demand for new knowledge on corporations was met by the development of a new area of professional expertise and organizations. In the early 1970s, professional organization of accountants established a working committee on CSR assessment methods. One of the pioneers in promoting and developing tools to measure CSR was the Washington-based alternative think tank, Council on Economic Priorities.² In the mid-1980s, CEP published a guide ranking companies on their performance (Lyndenberg et al., 1986). To mobilize consumers CEP provided them with tools to choose between better and worse performers. The ranking disciplined corporations. Inevitably, the conceptual horizon of this exercise was defined by market practice and economic theory as they are. In 1989 CEP entered into a strategic alliance with American environmental organizations. This paved way for the combined assessment of social and environmental performance of corporations. Similar moves were undertaken in Europe, for instance by Sustainability Ltd in London.

In contrast to the earlier understanding CSR as corporate giving, the new American discourse on CSR included schemes for employee participation in profits, providing child care to employees, measures to empower employees by transferring to them certain prerogatives of management. For companies, these measures paid off in terms of generating employee commitment and enhancing their productivity. The approach corresponded
with the shift from mechanical disciplines of the Taylorist human resource management to the reorganization of the workplace as a flexible self-managing hub governed at a distance.

In order to capitalize on their gains CSR early best achievers, such as Ben and Jerry decided they want recognition, replication, and therefore audit, and became laboratories for experiments in auditing CSR. Their auditor was Paul Hawken (1993), who has written a very influential book on business and environment, *The Ecology of Commerce* (1993).

In the 1980s, the globalization of production and relocation of jobs to developing countries called into question wages and work conditions in these countries. For lack of political will to act on violations of workers rights, public interest organizations turned to promoting codes of conduct. Governments and corporations were eager to join as the move to codes provided the opportunity for problems solving with least resistance and without commitment to making regulations and executing compliance. The discourse on codes and later on core labour standards relocated the problems of employment and work conditions to the unruly Other, ‘the South’. The icons of child labour and sweatshop exploitation strengthened the claims of moral superiority of ‘The North’. By its combined effects, the move made invisible and therefore muted protest over loss of jobs in the North, denied agency to the South, and allowed the rich states to maintain privileged position in governing the global economy.

In the 1980s, institutionalization of environmental discourse reached the stage which Maarten Hajer (1995) and others call ecological modernization. New sets of knowledge and administrative practice developed to survey, and manage nature and human–nature interactions. Initially, governments pursued juridical measures to regulate environmental effects of production. Towards the end of the 1980s, corporations joined the environmental policy discourse. The eco-efficiency strategies placed emphasis on reducing the use of resources per unit of output, emphasized voluntary approaches and self-regulation by companies, and projected an image of a green corporation which cares for the environment, too. In order to respond to public criticism, to pre-empt regulatory measures, to fulfil their own information needs, to costs the flows of resources within companies, and to shape friendly relations with buyers and consumers, certain corporations embarked on the production of environmental statements and reports. Several organizations, such UNEP, International Standardization Organization, SustainAbility in London, and many others contributed to develop techniques to survey, verify, and rank environmental performance of corporations. By the late 1990s, corporations and governments saw the need to systematize labour codes of conduct, environmental reports in a coherent manner, and to set up uniform auditing and verification standards. This created a quasi-markets for CSR. Either existing organizations expanded their fields of expertise, or new organizations have been created to monitor and verify the compliance with CSR. In the late 1990s, recognizing the demand for verification of corporate reports the Council on Economic Priorities established assessment assurance agency (CEPAA). Similar Boards have been set up in the UK and in The Netherlands, with public funding. These developments led to the marketization of the segments of civil society concerned with effects of corporate activities on labour and environments.

**Marketization of social responsibility**

In 1999, John Elkington, the founder of Sustain-ability Ltd in London, wrote an influential book on greening business, *Cannibals with Forks*, which outlined the concept of Triple Business Line (TBL) in support of the view that environmental management, and providing decent terms of work are good for business (Elkington, 1999). To develop this argument Elkington applied the concepts of ecological, human, and financial capital, borrowed from neo-liberal school of economics. His argument for maintenance of all kinds of capital together as a coherent management strategy re-framed sustainable development in the language that business could understand.

The concepts of ecological and human capital draw on economic arguments of use value,
cost–benefit analysis, and techniques of monetary valorization. The translation from the vocabulary of justice to the vocabulary of cost–benefit calculations enables the deployment of market rationality to the environmental and social domains of public policy. According to Michel Foucault, the extension of market rationality to human subjects and to the domains of public administration is at the core of neo-liberal reform of government. ‘Neo-liberalism’, Foucault said, ‘promotes competitive economic behaviour and the creation of entrepreneurial prudent subjects, whose moral quality is linked to the rational assessment of costs and benefits of certain actions as compared to others.’ CSR defined as merger of profits and morals is operationalized through precisely this kind of arguments and assessments.

The growth in corporate reporting practices required coherent assessment criteria and verification techniques, and eventually led to synchronization of social and environmental reporting, which evolved into an integrated report. The triple bottomline framework informed the Global Reporting Initiative (GRI, 2002) guidelines for integrated reports launched at the Johannesburg Summit (WSSD) in 2002. This moment represents the consolidation of the global discourse on CSR, assembled from the discourse on labour codes of conduct, American CSR discourse, and environmental reporting. CSR became one of the discourses through which global governance was enacted.

In the previous stage, the CSR practice comprised of codes, reports, assessments, and audits, which were applied in the domain of the market. The launch of Global Compact, the partnerships between the UN and corporations, the establishment of the minister for CSR, as in the UK, or the EU and World Bank programmes on CSR relocated this discourse to the domain of state and inter-state organizations.

This was the moment when this discourse became dangerous as it now offered to fill in the gap opened when the neo-liberal state turned away from the direct responsibility to mediate between markets and civil society, and to deal with the social and environmental costs of economic activities.

CSR as neo-liberal bio-politics

The surveillance and confessional techniques applied to discipline corporations draw on the long tradition of pastoral power. This form of power, as argued by Foucault, operates by surveillance and regulations of subjects. Foucault traced it to the early Christianity, and the organization of life in monasteries. Pastoral power is exercised in the name of care and service. One of its strategic technologies is confession. ‘We must produce truth as we must produce wealth, and indeed we must produce truth in order to produce wealth’ (Foucault, 1979: 94). To make pastoral power intelligible, Foucault used the metaphor of the shepherd and his flock. Shepherd is taking care of the flock, its health and multiplication, takes the flock to the pasture, and maintains it as the source of wealth.

Strategic to the neo-liberal reorganization of biopolitics is the combination of pastoral power with the government through freedom and the responsibilization of subjects (Rose, 1999). Here I would like to draw an analogy between the discourses on CSR and on labour market management. The unemployed are governed by technologies of agency and performance, which empower the poor and provide them with the know-how to seek jobs by themselves. The focus is not on providing jobs, but the useful engagement in the job seeking (Cruikshank, 1996, 1999; Dean, 1999; Rose, 1999). Similar technologies of agency and empowerment have been applied to steer corporations to take responsibility for the social and for the environment, and for NGOs to take responsibility to develop norms and standards and to monitor the compliance. Both corporations and NGO are set in motion in the pursuit of CSR.

The displacement of the tasks of the state previously performed by public administration to private markets goes hand in hand with the transformation of governmental technologies. Corporations no longer have to comply with regulations (as in the command and control stage of public policy) or meet certain targets (as in the covenants with industry adopted in The Netherlands in the early 1990s). All they have to do is to subject themselves to audit. The engagement with reporting, assessments and audits provides
rewards to corporations. It should be noted that when the Body Shop initially did not submit to the audit it was punished with a media scandal (Reder, 1995). This immunity-granting role of audits was explained by Nicholas Rose in the following manner: ‘(a)udit became one of the key mechanisms for responding to the plurality of expertise and the inherent controversy and undecidability of its truth claims’ (Rose, 1996: 55). Thus audits substituted for justice.

If audits are a strategic technology of neo-liberal biopolitics that ensure ‘the right disposition of things’, then at stake is to find out what and how is actually standardized and audited. Here I would like to take the example of Mattel Inc., world’s number one toy company and the producer of the Barbie doll. Mattel invested close to 1.5 million dollars in the development of detailed standards of corporate performance in the factories overseas and in the verification of compliance. Over 120 detailed standards cover decent shop-floor relations, housing in dormitories, work condition, transparent pay management, and compliance with local labour laws. Mattel was verified as the socially responsible corporation. There is no reason to doubt the integrity of the verification. However, one look at the difference between the minimum wages paid to workers for instance in China of US$0.51 as compared to the living wage of US$0.87, and special permits granted by the Chinese government to Mattel to exceed the work time limits shows that the complete basic needs of nutrition, housing, education, health care, time and resources to support one’s family, and to rest are not met. Analogically, the deployment and verification of CSR standards does not protect workers from the health effects of toxic glues and solvents or repetitious strains, as these are not regulated by the law. A worker’s life is maintained only at the level of biological reproduction, or to borrow from Agamben (1998) at the level of survival or bare life. The discourse on corporate responsibility applies to those who are lucky to have jobs, and to some extent improves the quality of life of workers by removing the management of labour by fear⁴ and puts in place humane labour management standards. It does not maintain security of lives and livelihoods. This is however not to blame Mattel or any other individual corporation. If companies truly applied themselves to CSR, paid living wages to workers, and frugally used environmental resources, they would go bankrupt in the market place as it is currently organized.

In the every-day life of firms overproduction, competition for the share of the market and consumers affects, corporate dependence on credit, pressures from investors, squeezing value out of corporate organization, and global economic volatility all decrease room to manoeuvre towards social responsibility.

The CSR discourse helps to ensure that generation of profits and multiplication of financial capital proceed in a sustained, uninterrupted manner. This is achieved by pulling the participating actors into the virtual performance of CSR, while making invisible what happens at the level of the bare life.

Corporate bio-politics and the bare life

One of my biggest puzzles about CSR is why this discourse, founded on the principle of merging profits and morals, does not investigate how profits are made. The spotlight is on individual companies and not on the systemic problems in the generation of value. I have in part explained it by referring to the operations of pastoral power which individualizes, surveys and differentiates between the good and bad flock, assigns blame, offers confession as the road to redemption, and absolution by audit. Individualizing and normative approaches are static and do not lend themselves to the analysis of processes and power relations, which are contested and dynamic. As Foucault argued pastoral power has historically been imported from the economy of household (oikos), to the economic theories and regulations of the market, and subsequently to the organization of the global economy. It has been concerned with the maintenance of the flock, the household or populations as sources of wealth. Nowadays, the source of wealth and the goal to which pastoral power is deployed is the maintenance and multiplication of financial capital.

According to the theory of value developed by Karl Marx profits are made because of what labour
addstoproduction. Marx attributed the sources of profits or surplus value to the difference between what labour added to production within a given time and the time it takes to maintain and reproduce labour-power. Teresa Brennan reworked this theory by introducing the concept of interactive economy linked by the exchange of energy in the living (human and non-human) nature. She argued that the reproduction of labour power cannot take place without or outside the cycles of natural reproduction. Capital intervenes in these cycles, and draws on energy to turn living nature into commodities and money. Value is therefore derived not only from time and energy provided by human labour but from the energy provided by nature as well. In these processes, control over time has been augmented by an ever-increasing spatial expansion. The range and speed in circulation of capital is key to how surplus value is extracted and profits are made (Brennan, 1997, 2000).

Theresa Brennan’s theory of energetics (generation of value by extracting it from time and energies of human bodies and nature, which she calls living nature) shows that adding value to money requires the input of living nature (human and non-human) into products or services (Marx, 1993; Brennan, 2003). Speed and expansion increase pressures on living nature. Life is consumed and killed in the processes of the reproduction of capital. Those without spending power are redundant human waste. Hidden therefore behind the caring face of biopolitics is its double, the control of life by means of dispensation of death.5

CSR and the politics of resistance

The notions of sustainable development, CSR, human rights or gender equity mobilize the longing for a fair and stable world order and for security and justice, for the world governed by a fair shepherd. As this investigation showed CSR came ‘from below’. It was offered as a solution to the ethical problems of investors, provided opportunities to put on the political agenda the social and environmental costs of profits, and mobilized American churches and civic activism. Given its individualizing and responsibilizing tactics, CSR fitted well with the neo-liberal ruling mentalities and was usefully deployed to respond to the demands for addressing social and environmental effects of production in the times of global marketization. For critical social movement organizations, the engagement with the codes provided visibility to injustice and an albeit imperfect but politically viable means to address it. They hence engaged in the critique and improvement of labour codes and environmental reports. The turn of civic organizations to codes of conduct and environmental reports demonstrates Foucault’s point on the productive role of power. NGOs produced alternative reports performing what Foucault calls strategic reversals in the truth games between power and resistance. Politics of reversal (good codes in place of bad codes) allowed them to articulate discontent but hold power and resistance in a mutual embrace.

The engagement of civil society contributed to the strengthening and expansion of the CSR discourse, which captured political discontent, and structured it as a response to itself. In reaction to self-created demand for audits and auditors, a new marketized sector emerged within civil society to provide such services to corporations. Opening space for development NGOs as a new actor in the labour market politics upset the monopoly and therefore bargaining power of trade unions in this field. Reframing and reorganizing social actors as stakeholders positioned them inside the corporate orbit. NGOs, which rely on the normative understanding of power, are not well equipped to make sense of how power works through discourse. Neo-liberal governmentality shifted civil society and the UN together with market and the State.

The CSR discourse captured the attention of state and inter-state organizations and was problematized and assembled as the solution to social and environmental problems. This took place as the critiques of the social and environmental effects of global neo-liberal economic restructuring were gaining ground.6 For state and inter-state organizations, it solved several problems at the same time: first, it offered a low cost response to the critique; second, it offered a way to subcontract the
governmental responsibility for the social and for the environment by way of responsibilizing corporations and involving civil society in monitoring and compliance; thirdly, it ensured the security and sustainability of the state itself as it allowed the state or inter-state organizations such as the UN or the World Bank Group ‘to hold out’ and to maintain their strategic positions in governing the lives of populations and aligning them with the growth of corporations.

**The double game**

The key to understanding CSR as a spectacle and a strategic game is the character of corporations, their double persona, the one that is audited and verified as caring and moral in CSR, and the other one that is charged with making profits. The concentration of wealth in corporations makes them a new object of pastoral care of the state. At the same time, CSR techniques allowed corporations to shift the responsibility down the product chain, and to discipline subcontractors. Since the CSR debate is about child and prison labour, unpaid minimum wages and sweatshops, or destruction of livelihoods and violations of human rights by individual corporations in the South, the systemic logic of the reproduction of financial capital is not addressed, the rich countries are off the hook, and colonial inequalities in power relations are maintained. At the same time, the objectification of the South make the miseries in the North invisible.

CSR are a paradigmatic example of how policy dialogues increasingly operate as virtual spectacles where governance is performed according to carefully scripted rules and norms. NGOs are offered voice without influence. Concepts such as poverty reduction or CSR have taken a discursive life of their own and by so doing pretend that poverty or CSR and accountability is addressed. The virtual performance of governance makes the differential effects of the organization of the global production and consumption on the realities of people’s livelihoods invisible, as it assumes that these are addressed.

CSR as discourse resolves the problems symbolically in order not to resolve them practically. It operates as a concealment of the effects of the organization of the markets on living nature, so that the exponential reproduction of financial capital out of living nature can go on endlessly.

While the policy discourses such as CSR are conducted in the name of caring for life, and claim to deal with the social and environmental effects of production and consumption, at the same time they obscure that in order to generate value and profits life has to be killed. Inextricably linked with the caring face of global governance which operates through biopolitical security discourses such as the one on CSR is the global economy which operates as war on livelihoods.

**Acknowledgements**

This article draws on the paper for the HIVOS and Humanistic University, Netherlands project on Corporate Social Responsibility. The paper was presented at the Global Studies Association conference in Brandeis University, April 2004. Another version of the paper entitled ‘Take the read pill: corporate social responsibility as neoliberal form of government’ to be published in a book entitled Winst en Humaniteit. Een kritisch perspectief op maatschappelijk verantwoord ondernemen (Profits and Humanity. A critical perspective on corporate social responsibility) Editors: Ireen Dubel, Tonja van den Ende & Harry Kunneman, the publisher SWP Amsterdam, and the book will be published in June 2005.

**Notes**

1 The archive is available on the website of Humanistic University, Utrecht, Netherlands www.uvh.nl
2 See www.cepnyc.org
3 From the summary of Foucault’s unpublished lecture by Thomas Lemke (2001).
4 Donald Katz describing South Korean bosses in Indonesian Nike factories, quoted in Ballinger and Olsson (1997:7).
5 Taking the concentration camp and the treatment of refugees as the anchors of his analysis Agamben (1998) argues biopolitics is thanatopolitics. Mebembe (2003) makes a similar argument analysing politics of development in Africa. In his take biopolitics turned into necropolitics.

6 The avalanche of CSR in the late 1990s corresponds with the emergence of global coordinated protests such as the Jubilee Campaign, or World Social Forum, Public Eye on Davos, and the mobilization of civil actors during the G8, WTO ministerial meetings and the World Bank Annual Meetings. See for instance de Angelis (2003).

7 From Kantorowicz and Foucault quoted in Gordon (1991: 9).

8 Baudrillard (2000), in his analysis of Watergate pointed out that framing it as a scandal allowed for the cancelment of the very properties of the political system that the Watergate revealed.

References


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