

THE CORPORATE ACCOUNTABILITY MOVEMENT: LESSONS & OPPORTUNITIES

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There is a rich quarter-century history of attempts, many of them international in scope, to make corporations more accountable to communities, workers and environmental concerns. Yet, unlike the environmental movement or the civil rights movement, there is no self-conscious "corporate accountability movement." Instead, there are hundreds of scattered corporate campaigns, many of which have been highly sophisticated and successful, and have crossed borders and addressed multiple issues. These efforts have made major inroads into the tobacco industry, the arms industry and the apparel and footwear industries, and have changed the way many corporations approach the environment and treat their workers.

As they gain momentum in the next decade, these activities have the potential to alter the shape and direction of corporate-led economic globalization. In order to do so, however, they need to interact more, learn from one another, and build on each other's strengths.

No one of whom we are aware has attempted to look at these efforts together or assessed the lessons of their successes and failures. This article, emphasizing corporate activity in the developing world, strives to fill this void. We present an analytical typology for understanding different campaigns and what they have achieved, along with some lessons from the campaigns and some

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controversies that have emerged in the process. We also seek to offer criteria for assessing the effectiveness of various campaigns.

TYPES OF CORPORATE CAMPAIGNS

We have developed an analytical five-sided matrix that can be used to help distinguish among the vast array of corporate campaigns. The matrix provides categories into which one can group campaigns, facilitating comparison, contrast and, ultimately, assessment.

Our five analytical categories classify corporate accountability campaigns by strategic goal, target of the activity, method, the initiating actors and the geographical scope of the campaign.

STRATEGIC GOALS

Campaigns around corporations have been launched by thousands of different groups over recent decades with hundreds of different strategic goals. These campaigns tend to fall somewhere along a continuum of strategic goals, which has three main poles.

At one end, some campaigns seek to fundamentally change the corporation or to get rid of corporations completely. A rechartering movement is growing in the United States that seeks to reestablish democratic control over corporations. The movement advocates rewriting corporate charters in a fashion that would give the public the ability to revoke charters of corporations that fail to advance the public good.¹ For example, in the campaign to pressure Union Carbide to come to grips with the deep systemic flaws that led to the Bhopal disaster, some activists argued that Union Carbide should have its charter revoked.

Toward the middle of the spectrum, some campaigns seek to change the rules that govern corporate behavior. These include efforts to create a U.N. code on transnational corporations that would serve as a blueprint for governments on how to provide a set of protections to corporations, as well as workers and communities. A new agreement among the richer countries of the world to curb corporate bribery of government officials also falls into this category. Others have suggested that the world needs a global anti-trust authority to break up dangerous concentrations of global corporate power. It would be fair to say that campaigns seeking to change corporate rules are based on the premise that the market, left to its own, will create certain social and environmental problems that require government intervention. Since the most dynamic corporations in the world are now global, these groups have sought intergovernmental measures to curb corporate abuses.

At the other end of the spectrum, some campaigns seek to reform abusive practices of individual corporations. This category includes, for example, a wide range of environmental groups that accept large corporations as inevitable and generally beneficial to society, but that seek to engage corporations in

dialogue to improve their environmental behavior. Voluntary corporate codes of conduct would fall into this category.

A final point on strategic goals is that as economic globalization accelerates, governments have set new rules that offer global protections to corporations, such as the North American Free Trade Agreement (NAFTA), the World Trade Organization (WTO) and the proposed Multilateral Agreement on Investment. Many corporate campaigning groups are targeting their efforts at these new institutions of global governance. Indeed, current attempts to influence corporate behavior may arguably be categorized as a subset of a larger universe of citizens' organizations working to stop, slow down or reshape the path of economic globalization in ways that promote democracy, equity and sustainability. From anti-NAFTA coalitions to farmers organizing to protect their seeds in India to efforts to curb child labor worldwide, these campaigns involve environmentalists, workers, consumers, religious activists, and farmers.²

TARGET OF THE ACTIVITY

Most campaigns involve citizens' groups organizing for a specific outcome. In some cases, these nongovernmental groups are joined by governments; more often they are not. These campaigns invariably attempt to effect change at one of two levels. Some attempt to influence corporate behavior directly, through pressure, dialogue or a combination of both. Other campaigns attempt to influence corporations by changing government policy either in a single country, a region or across the globe.

CORPORATIONS

Campaigns that view corporations as the target of activity take aim at individual firms, an entire industry, a cross-industry issue or all firms in a specific country.

Thousands of campaigns have been organized against single corporations over the past few decades. Some are primarily local, such as the campaign that the Southwest Network on Economic and Environmental Justice has been waging against Intel in Albuquerque. Others attain global status, such as the campaign against Union Carbide in the wake of the Bhopal accident or the work against Shell in Nigeria. These campaigns run the gamut from confrontation (kicking Coca Cola or Kentucky Fried Chicken out of India) to engagement (the Environmental Defense Fund convincing McDonald's to change its packaging materials).

Campaigns have also been launched to change industry-wide behavior. Since the 1970s, for example, coalitions of Northern and Southern³ groups have pressed for health-related reforms in the cigarette, alcohol, pesticide, pharmaceutical and infant food industries. More recently, pressure for corporate codes of conduct has been targeted at the apparel and footwear industries and, in Europe, the toy industry.

At times, campaigns will attempt to influence a broad range of firms to acknowledge a set of concerns. An example of this is the work of the Boston-based Coalition for Environmentally Responsible Economies (CERES), a

collaborative effort between institutional investors and environmental groups. According to CERES Co-Chair Joan Bavaria, CERES began "as part of a project of the Social Investment Forum to attempt to influence corporate behavior but also to find ways to access accurate information on environmental performance."⁴ In September 1989, CERES issued its list of 10 principles of environmentally sustainable behavior, originally known as the Valdez Principles (after the Exxon Valdez oil spill), and now called the CERES Principles, which individual companies were asked to endorse voluntarily.⁵

Some campaigns are focused on all corporations that work in a certain geographical area. In the cases of South Africa and Burma, people from around the world have pressured companies to change their behavior or to leave the country as a way to put pressure on oppressive regimes. An impressive campaign was launched in many countries involving state and municipal officials, investors, unions, religious groups and others to pressure corporations to stop doing business in South Africa as a protest against the policy of apartheid. The U.N. concluded that these actions ultimately convinced two-thirds of U.S. companies to sell off equity shares in their South African operations.⁶ Participants used the pressures of selective investment, the power of government procurement contracts, divestment, and other measures to put pressure on the apartheid regime to free the anti-apartheid leader Nelson Mandela from prison and to hold democratic elections.

The targeted geographic area need not be a country. Substantial campaigns have targeted corporate owners of the over 3,000 *maquiladora* factories along the U.S.-Mexico border. The Coalition for Justice in the *Maquiladoras* pulled together over 100 environmental, religious, community, labor, women's and Latino organizations to fight the dismal working and environmental conditions in the factories that dot the 2,000-mile border. The Coalition drew on U.S., Mexican and U.N. standards to craft the "*Maquiladora Standards of Conduct*" that spell out acceptable standards for firms in the areas of environment, health, safety, worker rights and community impact.

GOVERNMENT

Some campaigns pressure governments at every level, from local to international, to enact resolutions, legislation, agreements or voluntary codes that will affect corporate behavior.

One of the key levers used in the Burma and South Africa campaigns was the passing of resolutions at the local and state level to prohibit contracts with firms operating in these countries. At present, activists who work at this level are extremely concerned that WTO rules and the proposed Multilateral Agreement on Investment will prohibit the use of such selective purchasing laws. Activists also cite a recent court ruling in Massachusetts against the Burma law. In an attempt to provide more broad-based coverage, Michael Shuman of the Institute for Policy Studies has proposed the establishment of a code of practices among local government officials that spells out guidelines for corporate behavior.⁷ This would prevent the kind of destructive playing off of communities

against one another that large corporations engage in as they seek the most attractive sites for new investments.

Many campaigns attempt to influence government agencies in the countries where large firms are chartered (the so-called "home governments"). Many governments have Generalized Systems of Preferences (GSP), programs that offer reduced tariffs to imports from developing countries. In 1984, U.S. labor, human rights and religious groups convinced Congress to amend the U.S. GSP program so that reduced tariff benefits would be available only to countries taking steps to ensure internationally recognized worker rights. Likewise, some environmental campaigns have targeted government export-promotion agencies to stop assistance to firms investing in objectionable projects. For example, the International Rivers Network, Human Rights Watch, and several other U.S. groups convinced the U.S. Export-Import Bank not to give assistance to firms bidding on contracts to build the Three Gorges Dam in China.

Occasionally, campaigns have targeted action at governments that host corporate subsidiaries. For example, after a great deal of negative publicity about sweatshop conditions in *maquila* factories in Guatemala, the Guatemalan government agreed to a code that would effectively eliminate sweatshop conditions in the country.

Other campaigns operate on a regional level. When a free trade area for North America was first proposed by U.S. President George Bush and Mexican President Carlos Salinas in 1990, broad citizen movements formed to fight the agreement and to propose alternative integration agreements that imposed responsibilities on firms to balance the new rights they would receive under NAFTA. In the end, the three governments agreed to supplemental language (in "side agreements") to protect labor rights and the environment. NAFTA set a precedent for attaching labor and environmental issues to regional trade agreements. The issue of what sort of linkage should exist, if any, between trade, labor and the environment has become a central issue in the current U.S. congressional debates over extending authorization to the President to negotiate future trade agreements (the so-called "fast-track authority").

There is a vibrant three-decade history of efforts to pass agreements to influence corporate behavior at the multilateral level. Many view work at this level as essential, since advances in any given country can be undermined by firms shifting operations to other countries. International agreements can level the playing field in a positive direction, even if most merely offer guidelines which must then be passed into law by national legislatures. Here are five examples of such agreements.

U.N. Code of Conduct on Transnationals: Beginning in 1975, governments spent 13 years attempting to negotiate a U.N. code to reduce corporate abuses, as well as to guarantee firms certain forms of equal treatment. The Reagan administration opposed the effort, however, and the code effort died.

UNICEF/WHO International Code of Marketing of Breastmilk Substitutes: During much of the 1970s and 1980s, religious and consumer groups collaborated to

attack Nestle and other infant formula companies. These companies were accused of deceptive marketing practices that induced mothers to forgo breastfeeding their children in favor of commercially produced infant formula. These campaigns used the pressure of consumer boycotts to draft the UNICEF/WHO marketing code in 1981. Efforts have continued into the 1990s to convince governments to enact domestic legislation based on the code.⁸

Basel Convention: Environmental groups led by Greenpeace launched a major campaign in the 1990s to convince governments to place restrictions against international trade in hazardous waste products. This campaign culminated in governments passing the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes, which came into force in 1992 after the first twenty countries ratified the convention. By 1997, the convention had 110 ratifications.⁹

Proposed "Social Charter" in the WTO: Over the past decade, there has been a concerted attempt by trade unions and some governments to amend the General Agreement on Tariffs and Trade (GATT) and its successor, the WTO, to include provisions for worker rights and, more recently, environmental rights and standards. Such an amendment would, for example, place trade sanctions on governments that systematically undermine basic worker rights, which in turn would penalize offending corporations.

OECD Convention to Outlaw Foreign Bribery: In 1997, the Organization for Economic Cooperation and Development (OECD) passed an agreement to outlaw foreign commercial bribery by firms based in any of the 29 member countries. All members agreed to sign the convention by the end of 1997 and to introduce laws in their national legislatures by April 1998. By signing the convention, governments agree to subject their companies to criminal penalties for bribing foreign officials while soliciting business. The convention went into force in February 1999 after the required number of states had ratified the agreement. The longer-term goal is to get all nations to accept the convention under the aegis of the WTO. The convention was the work of an international NGO named Transparency International, made up of former corporate, government and World Bank officials.

METHOD: THE CHOSEN INSTRUMENT OF ACCOUNTABILITY

Campaigns can also be grouped according to the chosen instrument of accountability. Recently, a great deal of the work has focused around two instruments: corporate codes of conduct, and provisions in trade agreements for worker rights and environmental standards. We describe seven additional categories: direct actions, lawsuits, ethical competitors, shareholder resolutions and actions, dialogue, legislative instruments and actions to influence consumers.

CORPORATE CODES

Efforts to enact corporate codes of conduct have focused at three levels: multi-lateral agreements negotiated by governments; voluntary codes passed by industry associations or individual firms; and newer, more enforceable codes that are agreed to by individual firms or by industry groupings. The multilateral agreements covered a broad range of issues, while the newer company-specific (such as the code affecting the Gap) and industry-specific codes (such as the White House Apparel Industry Partnership) have focused more on ending abuses of worker rights.

TRADE AGREEMENTS

Efforts to link worker rights and environmental standards to trade agreements have resulted in substantial changes in U.S. trade law, including amendments to NAFTA. There is widespread debate on this linkage for both regional and global trade agreements.

DIRECT ACTIONS

Some groups deploy more militant actions to curb abusive corporate behavior. These range from picketing and occupying corporate offices, to lying down in front of bulldozers, to plugging effluent pipes. Greenpeace is the best-known organization deploying such tactics, but others use direct action as well. Many of the Southern-initiated campaigns (particularly in Asia and Latin America) against specific corporate abuses use direct action.

LAWSUITS

Several groups have resorted to the courts to target corporate abuses overseas. Groups that work with indigenous organizations in Ecuador brought a suit against Texaco for destroying indigenous lands in that country. Others have filed suit against Shell for its activities in Nigeria and Freeport McMoran for its activities in Indonesia.

"ETHICAL COMPETITORS"

In a number of instances, organizations have encouraged corporations to market "ethical" products, with the goal of influencing the larger market. For example, Greenpeace worked for years to pressure refrigerator manufacturers to make non-CFC refrigerators. Finally, Greenpeace commissioned a company in the former East Germany to manufacture non-CFC refrigerators, which put pressure on other firms to follow suit.

SHAREHOLDER RESOLUTIONS AND ACTIONS

Notable among U.S.-based examples in this category is the Interfaith Center for Corporate Responsibility (ICCR), a 25-year-old association of nearly 250 religious denominations. In one recent year, ICCR members submitted 198 shareholder resolutions to press for corporate accountability in the areas of the environment, alcohol and tobacco, equal opportunity, South Africa, militarism, *maquiladoras* and excessive CEO pay. While the resolutions have seldom been adopted, they still serve an educational purpose for both corporations and the public. ICCR is part of a larger social/ethical investment movement that is mobilizing the power of large institutional shareholders to exercise influence on the corporate world.

DIALOGUE

A number of organizations, such as CERES, have used dialogue with firms to help craft corporate policies that simultaneously serve social goals and enhance a company's profitability. Many of these efforts have been in the environmental field. Through dialogue with environmental groups, corporations have made major strides on recycling, packaging and other issues. Through labeling, advertising and other means, the firms then communicate their actions to consumers. At times, dialogue ensues after other groups have used confrontational tactics to raise the issue, such as the White House-sponsored dialogue on apparel sweatshops, which followed several media exposures of firms' bad behavior.

LEGISLATIVE INSTRUMENTS

Harris Gleckman and Riva Krut have spelled out the many avenues by which governments can influence and steer corporate behavior.⁴⁰ These include, among others: the authority to create and dissolve corporations through corporate charters; the authority to offer incentives and disincentives for certain types of corporate behavior; the ability to set principles for social welfare, public health and cultural integrity and to set regulations based on these principles; the creation of structures to review products, processes, investments, transactions or services before or after market entry; and enforcement mechanisms or sanctions to implement public decisions.

While national governments exercise to varying degrees all of these instruments of influencing corporate behavior, few of these instruments are developed on an international scale. Given that more corporations are operating across borders, it is critical that international mechanisms be created to enhance corporate accountability. The new anti-bribery convention is a good example of an international instrument designed to influence national laws around the world.

INSTRUMENTS TO INFLUENCE CONSUMERS

Inasmuch as corporations cannot exist without consumers, consumers can have enormous influence over corporate behavior. A number of campaigns have attempted to influence consumer behavior through the following means:

Boycotts: A recent issue of Co-op America's *Boycott Action News* noted that citizens' groups are currently waging active campaigns against Philip Morris and 40 other companies.¹¹ A number of these boycotts involve consumers in more than one country, such as campaigns in India, the United States, Canada and elsewhere against Monsanto. Farm, food safety and health groups are targeting Monsanto for its production of bovine growth hormone, genetically engineered foods, and Nutrasweet, and for its monopolistic practices in the seed business.

Labeling: Around the world, groups have introduced labeling schemes to help consumers reward corporations employing "good" business practices. Goods made with recycled products carry a label in a number of countries. Tropical timber that has been sustainably harvested carries a label. A green seal program to identify products made in an environmentally friendly manner is quite advanced in Europe. There is now a strong movement in the United States to include a "no sweat" label in clothing that is made under decent working conditions.

One of the more advanced labeling efforts, the RUGMARK campaign, targets child labor in South Asia. The campaign was initiated by the South Asian Coalition on Child Servitude (led by a courageous Indian named Kailash Satyarthi) in collaboration with German and U.S. religious, consumer and labor groups. RUGMARK-approved rugs have a special label affixed underneath to ensure buyers that the product was made by adult workers earning at least the local minimum wage.

Ethical Shopping Guides: The Council for Economic Priorities has introduced the *Shopping for a Better World* consumer guides that list products made under socially and environmentally responsible conditions. Some groups are also encouraging *Consumer Reports* magazine to introduce social concerns in their product ratings.

Socially Responsible Investing: Billions of dollars each year are invested at home and abroad by managers of mutual funds, pensions and insurance companies. Socially and environmentally sensitive mutual funds and pension instruments allow investors to incorporate social and environmental concerns into their investment decisions.

Alternative Trading Organizations (ATOs): Over U.S. \$500 million worth of trade is now handled outside corporate channels by small firms that attempt to link worker-owned cooperatives directly to consumers. ATOs such as the Massachusetts-based Equal Exchange, which markets coffee from Southern cooperatives

to U.S. consumers, strive to educate consumers and to demonstrate that socially and environmentally responsible products can also be profitable.

THE INITIATING ACTORS

A variety of nongovernmental actors have increased their involvement in the corporate accountability arena. Some, like unions and environmental groups, bring millions of members to the task. Others, like investor groups, wield power as shareholders. Different initiating actors bring different cultures, primary concerns and constituencies to this work. When these various segments of organized civil society join forces, they can pose a powerful counterweight to the growing power of global corporations.

ENVIRONMENTAL GROUPS

It is difficult to summarize the environmental movement's impact on corporations. Dozens of groups with diverse strategic interests have deployed tactics along the spectrum from confrontation to engagement. Environmental groups have played a particularly large role in influencing consumers and activating consumer pressure on corporations. In coalition with investor groups like CERES, they have had a major impact on beginning a process of standardizing the environmental reporting of a number of corporations.

LABOR UNIONS

Labor unions have had the longest and most intense contact with corporations, having engaged firms for decades through collective bargaining and other means. Unions were involved in the multilateral negotiations for a U.N. Code of Conduct on Transnational Corporations, and for years they have used the media and other pressure in attempts to influence corporate behavior. In recent years, unions have led the legislative effort to link trade preferences to other countries' maintenance of core labor standards, and have pressed for corporate codes of conduct. Their relative success is due in part to the specific nature of their demands: enhancing worker rights and improving working conditions.

RELIGIOUS GROUPS

Religious organizations own large blocks of stocks in thousands of corporations and, for over a quarter century, have used shareholder resolutions to increase corporate responsibility. Moreover, many large churches include corporate leaders among their members, and have used this leverage to engage corporations.

INVESTORS

There is a long history of investor activism that reaches beyond the religious community to unions, pensions, universities, insurance companies and the field

of socially responsible investment advisory groups. Such institutions have initiated certain corporate accountability exercises, such as CERES, and they have joined many other campaigns, such as those focused on the U.S.-Mexico border, South Africa and Burma.

SOUTHERN NGOs

There are over 150 countries of the South, which are host to nearly 120,000 affiliates of transnational corporations and recipients of over U.S. \$240 billion in private financial flows annually.¹² This level of activity has generated a variety of responses. At the governmental level, there is strong interest in attracting new investments and other private flows. As a result, many governments have been easing restrictions on corporate activity. Nongovernmental organizations in Southern countries have responded strongly to this phenomenon. In particular, there is a great deal of activity amongst Southern NGOs (labor, environmental, social, indigenous, women's groups and others) to counteract the effects of structural adjustment policies. Close to 1,000 NGOs from around the world, for example, have united to form the Citizens' Structural Adjustment Participatory Review Network, which in collaboration with the World Bank is conducting a joint global review of World Bank structural adjustment lending.¹³

THE GEOGRAPHIC SCOPE OF THE CAMPAIGN

Campaigns have attempted to influence corporate behavior at every geographic level: local, national, regional and international, and there are examples of successes and failures at each level.

EFFECTIVENESS CRITERIA

A major void in recent initiatives to make corporations more socially and environmentally responsible is that there have been shockingly few, if any, comprehensive attempts to assess the levels of effectiveness (or ineffectiveness) of different strategies. Indeed, the "corporate accountability movement" itself has no agreed-upon criteria for measuring effectiveness or success.¹⁴ As a starting point, therefore, we offer six criteria that help to frame our assessments throughout the article and come explicitly into play in the lessons we draw.

CHANGING CORPORATE BEHAVIOR

To what extent has a campaign changed corporate behavior? This can be assessed on two levels: First, has a campaign been effective in convincing corporations to agree on paper to change behavior, such as the signing of a code of conduct? Second, is there evidence that the firm has followed through on the promise? Most importantly, has a campaign changed corporate behavior in a

way that has had a real, positive impact on communities, workers or the environment? These changes may be in corporate production techniques (e.g., dolphin-safe fishing techniques; elimination of child labor) or in marketing techniques (e.g., the end of deceptive marketing by infant formula companies).

STRENGTHENING GOVERNMENT OVERSIGHT

To what extent has a campaign resulted in a stronger governmental or inter-governmental capacity to place checks on abusive corporations? Again, gauging effectiveness here requires looking at two levels: First, has new legislation or some other instrument toward this end been promulgated? And, on a second, more crucial level of effectiveness, has the implementation of that instrument generated a real, positive impact socially and/or environmentally?

STRENGTHENING NON-GOVERNMENT OVERSIGHT

To what extent has a campaign created new mechanisms of nongovernmental oversight of corporations? Has this new oversight had a real, positive impact socially and/or environmentally?

CHANGING PUBLIC AWARENESS AND/OR CONSUMPTION PATTERNS

To what extent has the campaign resulted in increased education of the public and affected how individuals view their consumption choices? Has broader public awareness or media attention led to an actual change in purchasing or consumption patterns?

CATALYZING NEW COALITIONS

To what extent has a campaign created new working alliances among groups that ultimately strengthen the corporate accountability movement? Are these new alliances across sectors? For example, are environmental groups joining trade unions in a campaign? Do these alliances cross country borders? Do they join Northern groups to Southern groups? Have these new alliances had a real, positive impact socially and/or environmentally?

BROUGHT NEW ACTORS INTO THE CORPORATE ACCOUNTABILITY MOVEMENT

To what extent has a campaign introduced new actors into the corporate accountability movement? Have these new actors had a real, positive impact environmentally and/or socially? The South Africa divestment movement, for example, engaged state and local governments, universities and other institutional investors, and these actors brought substantial political and economic weight to the campaign.

LESSONS AND CONTROVERSIES

The matrix outlined above offers a framework for conceptualizing the thousands of corporate campaigns of recent decades as part of a global corporate accountability movement. Using this matrix and our effectiveness criteria, we surveyed and assessed some of the more prominent of these campaigns.¹⁵ In this section, we build on those research results to draw some overall lessons and then to highlight some salient, ongoing controversies in corporate accountability work.

We begin with six key lessons about the effectiveness of possible tactics, strategies, and campaigns:

CAMPAIGNS THAT INVOLVE NORTH-SOUTH PARTNERSHIP WORK BEST

Most of the campaigns we assessed as having some measure of success involved good North-South cooperation. Southerners provided vital information, education and support for the goals of the campaign. In the case of the bribery convention, which was sensitive because it involved illicit activity between corporations and Southern governments, the campaign took the wise step of targeting action first in Northern countries.

North-South dialogues are useful as campaigns evolve. For example, in a North-South dialogue on corporate codes convened in 1996 in Germany, Southern groups expressed their frustration about Northern groups focusing campaigns around the "easy" issue of child labor while downplaying the more difficult issue of working conditions for those workers who are older than 16. Northern groups explained that they often needed to use issues such as child labor as a tactical target to attract media attention. Southern groups at the meeting indicated a potential willingness to work with such groups as long as the longer-term campaign would expand to broader worker rights.

Corporate accountability work involving China is extremely difficult because of the difficulties in establishing partnerships with citizens' groups in China. It is true that more independent women's organizations are beginning to emerge in China, followed by some environmental groups. Human rights and labor rights groups, however, are almost nonexistent. This poses challenges for groups like the International Rivers Network, which has been committed to working against the Three Gorges Dam project in China. Like many NGOs, the Network prefers to work in partnership with local groups and has moved carefully in China as it attempts to build local links. Because of the paucity of local NGOs, China also presents a challenge for Northern groups that believe that Southern groups must be the ones to monitor codes of conduct.

GROUPS DEPLOYING DIFFERENT TACTICS CAN REINFORCE ONE ANOTHER; CONFRONTATIONAL GROUPS CAN CREATE SPACE FOR ENGAGING GROUPS

Corporations are much more likely to engage in dialogue or negotiation when they face large-scale negative publicity from direct actions, well-targeted media

campaigns and other more confrontational tactics. Greenpeace and Public Citizen generally use confrontation to oppose certain corporate activity; while the Environmental Defense Fund and the World Wildlife Fund generally practice less adversarial methods that seek to engage firms and thereby influence behavior. While these groups often appear to be in conflict with one another, the "confronters" can actually create more space for the "engagers." Greenpeace and Public Citizen's confrontational opposition to NAFTA, for example, created more space for groups attempting to link environmental issues to the agreement.

GROUPS THAT USE THE MEDIA WELL SUCCEED MORE OFTEN

To the extent that campaigns against sweatshops at home and abroad have succeeded, it has been precisely because dozens of graphic stories of corporate abuse have been documented in the media. Campaigns to stop or influence NAFTA were substantially buttressed by television images of environmental injustice and atrocities on the U.S.-Mexico border. Campaigns to influence the GATT and WTO debates never achieved that level of success, in part because the campaigns were unable to create visual images that the media could pick up.

IT IS EASIER TO SUCCEED IN COUNTRIES LESS STRATEGICALLY IMPORTANT TO THE UNITED STATES

This lesson should not be taken to imply that work should be done only in less strategic countries. However, campaigners need to engage a broader range of allies to succeed in countries of greater strategic importance. For example, human rights, religious and labor groups have been confronting and engaging corporations in both China and Burma for the past five years. They have successfully convinced several corporations to leave Burma and the U.S. government to take action (Clinton issued an executive order barring new investment in Burma in 1997),¹⁶ arguably because Burma is of little economic or geopolitical importance to the corporations or the U.S. government. China, by contrast, has human rights abuses on a similar scale. Yet the U.S. government has taken almost no punitive actions, probably because China is on the verge of becoming the world's largest economy and is currently the largest site of overseas investment for corporations.

CAMPAIGNS OFTEN NEED TO EVOLVE IN THEIR GOALS

A number of corporate code initiatives that began as voluntary efforts have been evolving to address the need for enforcement. Since many governments are shying away from corporate oversight, much attention is shifting to new forms of nongovernmental enforcement. For example, CERES introduced the standardized environmental report to be filed by participating corporations. CERES's longer-term goal is to move towards a process of authenticating the reports.

THE SIMPLER AND MORE GRAPHIC, THE EASIER TO SUCCEED

The infant formula campaign worked because it highlighted abuses against children. Today, attacking child labor is much easier than advancing the right to collective bargaining. Getting tuna transnationals to reduce dolphin kills in their tuna operations is much easier than creating a new U.N. environmental institution equivalent to the International Labor Organization (ILO). Again, this is not to suggest avoiding the more complex issues. Rather, in these cases it might be advisable to open the door to the campaign with the most graphic issue and use the opening to educate around more difficult issues. For example, many labor campaigns begin with exposes of child labor, but use the opening to press for other core labor rights, such as freedom of assembly and the right to collective bargaining.

KEY CHALLENGES

The above are the more positive lessons our analysis brings into focus. However, our research also exposes some key challenges for the corporate accountability movement, as well as controversies with which the movement must deal:

ENVIRONMENTAL RIGHTS AND STANDARDS NEED TO BE ELEVATED TO THE STATUS OF WORKER RIGHTS

Work on advancing worker rights and standards with corporations and through trade agreements is perhaps a decade ahead of work on environmental rights and standards. This is not because of the public profile of the two issues. Indeed, environmental concerns rank higher in the public consciousness. The key reason for the place of worker rights on the global agenda is the existence of the ILO, which for eight decades has served as a venue where representatives from governments, corporations and organized labor have hammered out collective definitions of internationally recognized worker rights in over 150 conventions. Across the globe, five to seven of these are widely accepted as core rights and standards (including prohibitions on child labor and forced labor, and protection for freedom of association). Hence, there is little disagreement between North and South, or between governments and nongovernmental organizations, over what constitutes worker rights, and the ILO serves as a legitimizing body for these rights. By contrast, there is no governmental body where internationally recognized environmental rights and standards are negotiated. Indeed, the main body currently attempting to set international environmental standards is a corporate-driven entity: the International Organization for Standardization (ISO), based in Geneva. With input primarily from corporate bodies such as the International Chamber of Commerce, the ISO is drafting environmental standards, entitled ISO 14000, which are weak and lack performance criteria. It is vital that governments and NGOs also participate in global environmental standard-setting.¹⁷

SOME NORTH-SOUTH DISAGREEMENT EXISTS OVER PLACING LABOR AND ENVIRONMENTAL STANDARDS IN TRADE AGREEMENTS

There is substantial controversy in the North and South around linking enforcement of labor and environmental rights and standards to trade agreements. Despite far-reaching support for this linkage among trade unions in North and South,¹⁸ the Third World Network in Malaysia has rallied Southern citizen groups against the linkage on a number of grounds. In a 1994 paper, the Network charged that the attempt to place labor standards in the WTO "is quite clearly prompted not by feelings of goodwill towards Third World workers, but by protectionist attempts to prevent the transfer of jobs from the North to the South."¹⁹

A possible compromise position emanated from a several-year discussion among Mexican, U.S. and Canadian groups that resulted in a document entitled "A Just and Sustainable Trade and Development Initiative for North America." The document has been expanded to include input from other Latin American countries. That document came up with the following agreement for a just and sustainable alternative to NAFTA: Violations of internationally recognized labor and environmental rights and standards should be considered unfair trade practices provided that: (1) The dispute resolution mechanism be open to citizen input and democratic, and Mexican or Canadian groups could challenge violations in the United States just as U.S. groups could challenge violations in Mexico; (2) The sanction for violation be centered on the violator, e.g., the corporation violating labor or environmental rights, rather than, as in NAFTA, on the government; and (3) Since the raising of labor and environmental standards in Mexico could discourage some new investment, a number of measures should be included in the overall agreement to reduce the inequalities between Mexico and the United States. This would include debt reduction, fundamental reform of the World Bank and IMF, and creation of new decentralized and democratic aid mechanisms that reach the poorer majority.²⁰

OFTEN THE MORE RESPONSIBLE CORPORATIONS ARE THE ONES WHO ENGAGE, LEAVING OUT THE LESS RESPONSIBLE ONES

Campaigns that target corporations with some prior claim to social responsibility (such as the Gap, Levi Strauss, and Liz Claiborne) have been more successful both in engaging the corporation and in changing corporate behavior than campaigns on those corporations denying any broader social mission (such as Shell in Nigeria). For example, Levi Strauss has long boasted of its corporate responsibility. Hence, when groups began to accuse it of using sweatshop labor overseas, it moved relatively quickly to engage critics and take action. That was also the case with most of the other corporations that have promulgated codes of conduct. Today, some of these corporations complain that they have been singled out for criticism despite their good actions. For example, Levi Strauss has argued that the other major jeans producer, Vanity Fair (makers of Lee jeans), has refused to engage and hence is largely out of the campaign spotlight despite a poorer record of labor rights abuses.

A CORPORATE RESPONSIBILITY VACUUM EXISTS

Since governments have fewer resources and the U.N. is a weakened institution, corporate responsibility falls more to actions by the nongovernmental and corporate sector. Yet, who will monitor the new corporate agreements? How do we know if General Motors is telling the truth in its annual environment report submitted to the CERES organization? According to CERES Co-Chair Joan Bavaria, CERES has a "long term goal ... to elevate environmental auditing and reporting to the level of accessibility and veracity of financial accounting and reporting."²¹ Likewise, as apparel and other firms agree to independent monitoring, who will pay for it? Who will train the monitors? How will this work on a global scale? How will it work in China where the government is fundamentally hostile to the idea?

HEADING INTO THE THIRD WAVE

At the onset of a new century, we have arguably entered a third wave of modern efforts to create greater accountability for global corporations.²² The first wave occurred in the 1940s in the proposals to create a global set of rules regarding trade and investment in the Havana Charter of the International Trade Organization, which never came into existence. Instead the more limited GATT was created in 1947. The second wave occurred in the 1970s with the negotiations over a U.N. code on transnational corporations, the creation of several regional economic blocs, and the strengthening of many Southern countries' laws regulating corporate activity. This period was characterized by strong pressure and coordination among Southern governments.

The third wave began in the 1990s in the radically new post-Cold War environment. This period has been marked by the embrace of free markets and rejection of strong government roles in regulating and steering economies. With governments less willing or able to take on the problems of global corporations, NGOs have attempted to harness their own growing countervailing power and have pressed for new forms of enforcement of new rules that do not depend on governments.

These campaigns are varied, as are their accomplishments. As we have argued, however, to understand their actual and potential effectiveness, one must see them—and they must see themselves—as part of a larger corporate accountability movement. But, as Harris Glickman has insightfully bemoaned, that "movement ... does not for some reason recognize its own history."²³ Our article is meant as an attempt to help bridge this void. ■

NOTES

¹ The principal group advancing this agenda is the Program on Corporations, Law and Democracy, co-directed by Richard Grossman and Ward Morehouse (211.5 Bradford Street, Provincetown, MA 02657). See Richard Grossman, "Corporations, Accountability and Responsibility," paper of the Program on Corporations, Law and Democracy, 211.

² We have argued elsewhere that all of these groups represent a new "third way" response to economic globalization between the dominant free trade position of large corporations and most of the Republican and Democratic parties, and the nationalist and racist protectionism of Pat Buchanan. (See John Cavanagh and Robin Broad, "Global Reach: Workers Fight the Multinationals," *The Nation*, March 18, 1996.) Much of the citizen activity is defensive, attempting to halt the social and environmental disintegration that has come with globalization.

³ There are no good terms to encapsulate the geographical division of the world between poorer and richer countries. We have chosen to use the terms "North" and "South." By "South," we mean the countries of Africa, Asia, Latin America and the Caribbean. By "North," we mean the more industrialized and economically wealthier countries.

⁴ Written comments by Joan Bavaria to the authors, July 14, 1997.

⁵ Initial members included 15 major environmental organizations and such powerful investor institutions as the California public pension system and the New York City Employees Retirement System. Coalition for Environmentally Responsible Economies, "Reaching a Critical Mass: A Strategic Plan for CERES," Boston, 1996, 9.

⁶ United Nations Research Institute for Social Development, *States of Disarray: The Social Effects of Globalization* (Geneva: UNRISD, March 1995), 164. See also the case study on divestment in South Africa in Transnationals Information Exchange, *Meeting the Corporate Challenge: A Handbook on Corporate Campaigns*, (Amsterdam, TIE Report No. 18/19, February 1985), 41-45.

⁷ Chapter in John Cavanagh, Daphne Wysham, and Marcos Arruda, eds., *Beyond Bretton Woods: Alternatives to the Global Economic Order* (Washington, DC: Pluto, TNI, and IPS, 1994).

⁸ Women's Environment and Development Organization, "Codes of Conduct for Transnational Corporations: Strategies Toward Democratic Global Governance," (WEDO Primer No. 1., 1995), 5.

⁹ See Web site of the United Nations Environment Program (www.unep.org).

¹⁰ Harris Gleckman and Riva Krut, "The Social Benefits of Regulating International Business," A Discussion Paper for the United Nations Research Institute for Social Development, 1994.

¹¹ For an inventory of consumer boycotts ongoing in the United States at any given moment, see the magazine *Co-op America Quarterly's Boycott Action News*. The list of 40 is from the fall 1998 issue.

¹² UNCTAD, *World Investment Survey 1996* (Geneva: United Nations, 1996), 8. China leads with 45,000 affiliates, followed by the Philippines, Singapore, Brazil and Mexico, each with more than 8,000.

¹³ The secretariat is at the Development GAP, 927 15th St., NW, Washington, DC, 20005.

¹⁴ One interesting survey of corporate accountability work, which offers some criteria for evaluation, is a Ph.D. dissertation by Tamara Bliss entitled *Leveling the Playing Field: How Citizen Advocacy Groups Influence Corporate Behavior* (Dissertation submitted to the Fielding Institute, 1996), available from UMI Dissertation Services, 300 N. Zeeb Rd., Ann Arbor, MI 48106.

¹⁵ For results of our case-by-case analysis, see Broad and Cavanagh, monograph written for World Wildlife Fund and World Resources Institute, 1997.

¹⁶ Carey Goldberg, "Limiting a State's Sphere of Influence," *New York Times*, November 15, 1998.

¹⁷ See Kimberly Pikul, Master's Substantial Research Paper, International Development Program, School of International Service, American University, December 1998.

¹⁸ See, for example, the August 1994 "Social Charter for Democratic Development" adopted by the Asian and Pacific Regional Organization of the International Confederation of Free Trade Unions.

¹⁹ Martin Khor, "Why GATT and the WTO Should Not Deal with Labour Standards," *Third World Network*, April 1994.

²⁰ See Lance Compa, "...And the Twain Shall Meet?: A North-South Controversy Over Labor Rights and Trade," *Labor Research Review* 23 (1995).

²¹ Written comments by Joan Bavaria on an earlier draft of this paper, July 14, 1997.

²² For some of the history of the first two waves, see UNCTAD, *World Investment Report 1996* (Geneva: United Nations, 1996), 133.

²³ Written comments by Harris Gleckman to the authors, July 14, 1997.

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