

Conference Summary 24 January 2003

The day's events began with a press conference designed to expose various business practices of corporations that contradict many of their assurances to be 'good corporate citizens.' In the afternoon the panel discussion was on the topic of social responsibility and accountability of corporations and how corporate public relations strategies are being designed to pay lip service to the ideal without committing to any meaningful, binding commitments.

This morning at the press conference we heard from Ganesh of Greenpeace India who described one of the most infamous instances of 'corporate crime,' that of Union Carbide in Bhopal, and of the victims' continuing struggle to receive adequate comprehension from Carbide's new owners, Dow Chemicals. The latter has accepted no liability for the results of what its subsidiary Union Carbide did in Bhopal, although it has accepted the principle of its liability in similar cases, such as that of asbestos exposure, relating to other companies it has acquired. The death toll from the Bhopal gas leak now stands at almost 20,000.

The subject of the power of corporations to set the terms on which they will do business in a country was illustrated in two contributions to the conference. We heard from two workers from a shoe factory in Indonesia that suffered closure when Nike withdrew its orders because the Indonesia government raised the minimum wage. Nike argued that this made doing business in the country too expensive and so transferred its orders to China and Vietnam to take advantage of even weaker laws and even lower wage rates. The Indonesian company then went bankrupt, and its workers are still struggling to receive their legally mandated severance pay, but Nike will not contribute anything to such a payment.

Marcelo Lucca, once secretary of state for Rio Grande do Sul, described the terms that TNCs impose on countries in order to lure their investments. He was speaking from his own experience as the government's representative in talks to renegotiate incentives offered by his state (under a previous government) to the Ford Motor Company. Everything but the kitchen sink was offered, but still Ford extracted a better deal from another Brazilian state and moved operations there. Although jobs that would have been created were lost, Ford's decision actually freed up money that the state had offered Ford and was put to use by the new government towards meeting its citizens' needs.

Rounding off the discussion of examples of poor corporate citizenship, Andreas Missbach tackled the macro-economic question of the role of Foreign Direct Investment in the goal of development. He outlined how the widespread belief that Foreign Direct Investment is the key to development is a myth that does not stand up to empirical evidence, and therefore that such investment is not worth accepting at the cost all too often demanded by transnational corporations.