

Business Frontiers:

Social Responsibility, Sustainable Development and Economic Justice

By Wayne Visser (ICFAI Books, 2005)



~ 16 HEARTS AND MINDS ~

The Corporate Battle

Since the War on Iraq began, one of the mantras that has been repeatedly chanted by the US and UK military and media alike is the so-called “battle for the hearts and minds” of the Iraqi population. The more cynical commentators have dubbed this the “propaganda war”. It strikes me that today’s multinationals are engaged in a very similar battle – to win over the hearts and minds of a growing number of sceptics and critics who are not convinced of the justice of their corporate crusade, the appropriateness of their tactics, or the acceptability of the casualties incurred along the way. This article examines these parallels in more detail.

Conflicting ideologies

At the very root of the War on Iraq are the competing ideologies of the West and the Middle East. America and Britain see the war as an evangelical mission to free Iraq of the dictatorial Saddam Hussein and introduce democracy, which, they believe, has triumphed over communism as the superior and most desirable political system for the world today.

Much of Iraq and the Middle East, on the other hand, believe that the Western brand of democracy is bankrupt of the very values and social mechanisms on which their Islam-based culture is founded. For them, admitting to communism’s failure does not automatically imply embracing Western-style democracy.

Likewise, multinationals are zealously preaching the spread of the economic ideology of free-market capitalism, smug in their superiority since the collapse of socialist economies.

And yet the growing anti-globalisation movement is unconvinced. For them, the fact that socialism failed in practice does not automatically imply that capitalism is beyond reproach.

It is worth pointing out that many of the Marxist critiques of capitalism, such as the tendency for wealth and power to concentrate in fewer and fewer hands, have been vindicated in practice since then. Hence, socialism may not be viable, but unfettered capitalism has still failed to address the problems of social equity and environmental sustainability.

David and Goliath

The War on Iraq is a classic David versus Goliath scenario. The United States, the world's only remaining superpower, joined by Britain, the original imperial empire, are seen as the aggressors abusing their superior power to impose their will on smaller, weaker nations. Even if the smaller kid provoked a response, the big kid who bullies him will always be seen to be wrong.

Such big-brother tactics, acting in the self-appointed role of global policemen, are the rule rather than the exception, according to the critics of the US and the UK. Iraq is just the latest in a long line of bullying by America, with Vietnam, Cuba and Afghanistan being among numerous former victims, while Britain has a long history of colonialism.

Multinationals find themselves in a similar position. Their economic might and lobby power is unparalleled in history. Of the largest 100 "economies" in the world, more than half are companies. With that size comes the ability to act more or less unilaterally in pursuit of their overriding profit objective, directing capital, people and resources around the globe more or less at their whim.

Smaller countries, governments, businesses and communities feel powerless in the face of such overwhelming multinational forces that seem to hold such sway over their destinies. The title of David Korten's book, *When Corporations Rule the World*, sums up the paranoia of anti-globalisation protesters who fear a loss of sovereignty and accountability.

The Hidden Agenda

America and Britain have tried to convince a sceptical public that they are engaged in a morally justified war that is about ridding the world of a dictator, destroying weapons of mass destruction and securing long term global security. But there are many who believe that these two nations have ulterior motives, primarily two: oil and arms.

The West's dependence on the Middle East for oil has always been a sharp thorn in their side. But the discomfort is tolerable if diplomatic relations are relatively healthy and the oil-controlling regimes remain benevolent and predictable. Saddam and Iraq are a wild

card that make the US and Britain highly vulnerable. They would far prefer installing a more friendly government.

Multinationals too face a serious crisis of trust about their true motives when they claim that they are acting in public good. Their critics see only selfish action driven by the profit motive. They cite countless examples of where money has taken priority over the health and safety of employees, the welfare of communities and the integrity of the environment.

For big business, it is also a question of dependence. They rely on financial performance for continued access to capital the ability to expand. They depend on the ratings of financial analysts and the positive support of shareholders for their reputation. The only option, they feel, is to keep the financial markets tame by giving them what they want – monetary returns.

Questions of Accountability

One of the biggest controversies of the war happened before it even began. It was the decision by the US and UK to act outside of the governing structure and consensus-based decision making of the United Nations. This unilateral action – to go to war without a second UN resolution – led to widespread claims that war itself was therefore an illegal act under international law.

In the case of Britain, Tony Blair decided to go to war despite overwhelming opposition, both within his own cabinet and party structures and by the public who were consistently polled to be against the war and staged peace protests in unprecedented numbers. What these actions by America and Britain amount to, according to their critics, is a severe breach of political accountability.

This theme – the lack of accountability – has similarly been the most consistent theme running through the anti-globalisation movement since its inception. Multinationals and their directors are not subject to any form of democratic process of election, and therefore fail to be held politically accountable for their actions in the countries and communities in which they operate.

Strong arguments for voluntary self-regulation by multinationals do little to ease fears of abuse. This smacks far too much of leaving the welfare of communities and the protection of the environment subject to the vagaries of corporate convenience, seriously in danger of fair weather charity and ready social and environmental trade offs as economic factors dictate.

The Propaganda War

In this war, more than ever before, the propaganda machine is churning out claim and counter-claim 24-7, on both sides of the conflict. Iraqi television shows pictures of strong

leadership, heroic soldiers, civilian casualties and evil twins Bush and Blair, while American and British political and military leadership use the media to paint a picture of progress, liberation, inevitable success, and of course, monstrous Hussein.

Less subtly, the Allied forces have dropped millions of pamphlets and are broadcasting across the Iraqi radio waves, proclaiming their role as liberators, not aggressors or occupiers, hoping for a popular uprising against Saddam. The Arabic newspapers reflect an entirely different perspective, portraying the Americans and British as unwanted invaders, impoverishing Iraq, destabilising the region and threatening world security.

Multinationals, on the other hand, have long shouted the virtues of capitalism and the free market from the rooftops, with claims of economic liberation and shared wealth. According to Adam Smith's "invisible hand" theory, the free market will magically ensure that corporations' single-minded pursuit of profits results in the common good of the greater society.

When this argument wore thin, the corporate social responsibility movement gathered momentum. Today, reporting on triple bottom line performance – covering social, economic and environmental dimensions – is at the heart of the propaganda war, with companies claiming progress and transparency and their detractors shouting 'greenwash' and manipulation of public perceptions.

Mixed Messages, Mixed Blessings

Whether you are a spectator watching the war from the comfort of your couch, or a bewildered or angry Iraqi citizen whose daily life has turned into a fearful nightmare, the war is full of confusing contradictions and impossible dilemmas. Who is right and who is wrong? Who suffers most and who benefits least? Can the very real human and economic cost be justified?

Even believing in Saddam's tyranny, it is difficult to win over the hearts and minds of ordinary Iraqis, or of an uneasy global public, in the face of mounting civilian fatalities and casualties, and reports of hundreds of thousands without access to electricity, clean water and food, and billions of dollars worth of damage to the country's infrastructure, as a result of the conflict.

Global business faces a similar dilemma. They believe that they hold the key to liberating the economies of developing countries of the world and alleviating the suffering of their people. And yet the evidence points to a widening gap between rich and poor and accelerated decline of ecosystems despite fifty years of the spread of capitalism and global economic growth.

More than this, multinationals have to battle against anecdotal evidence of corporate complicity in human rights abuses, environmental degradation, bullying governments and

riding roughshod over communities, all of which weaken the credibility of their optimistic message. As with the war in Iraq, trust and suspicion are at an all-time low.

How Will It All End?

The future is uncertain. It cannot be predicted. This is as true of the consequences of the War on Iraq as it is of direction that corporate globalisation will take and what that means for all of us. One way to deal with uncertainty, which ironically military and corporate leaders are intimately familiar with, is scenario planning. See, for example, Chapter 22 (Corporate Sustainability: Scenarios for the Future).

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