THE POTEMKIN CORPORATION: CORPORATE SOCIAL RESPONSIBILITY, PUBLIC RELATIONS AND CRISES OF DEMOCRACY AND ECOLOGY

by

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Abstract

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This dissertation examines the historic relationship between corporate social responsibility, public relations and corporate power. Using a qualitative historical analysis and the theoretical tools of Marxism, this study argues that CSR and corporate public relations need to be viewed as modes of corporate power that have been historically deployed to re-assert and defend corporate hegemony in periods of democratic challenge and popular agitation. However, while originally deployed in tandem with corporate public relations, CSR has emerged in our current conjuncture as a profound source of corporate legitimacy in its own right. The success of CSR as a new mode of corporate legitimation is premised on its ability to constrain democratic pressures both discursively and materially; discursively through the ideological representation of the corporation as a benevolent and even democratic institution capable of regulating itself in the public interest; and materially through the promotion of corporate-inspired policies and regimes of corporate governance that allow for the private appropriation of previously public goods and functions of democratic government.

This duality of CSR is most manifest in the corporate response to environmental crisis, which has strained not only the legitimacy of the corporation but also that of the capitalist system of production. This study investigates the tactics through which CSR has enabled business to transform itself into the preeminent environmental steward while

simultaneously advancing policies that further corporate interests while circumscribing avenues for popular participation in issues of environmental concern. Therefore, CSR should be viewed not only as a strategy to curtail democratic opposition to corporate power, but also as a means to expand and deepen corporate power as it is used to grant ever-greater autonomy and authority to corporations over areas previously deemed the sole purview of the democratic state.

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Introduction

Writing more than 150 years ago, Karl Marx and Friedrich Engels observed in *The Communist Manifesto*:

> A part of the bourgeoisie is always desirous of redressing social grievances, in order to secure the continued existence of bourgeois society. To this section belong economists, philanthropists, humanitarians, improvers of the conditions of the working class, organizers of charity, members of societies for the prevention of cruelty to animals, temperance fanatics, hole and corner reformers of every imaginable kind (1964, 106).

Advance to our present day and this observation still appears apposite. Indeed, the past fifteen years has witnessed the burgeoning of a new cadre of "hole and corner" reformers under the umbrella of the corporate social responsibility movement (CSR). Whether addressing unfair labour conditions, environmental degradation or human rights violations, the advocates of CSR believe that their project of corporate reform can augur a "new industrial revolution" that will deliver us a kinder, gentler and more environmentally sustainable form of capitalism (Dearlove, 2004; Gunther, 2004; Hawken, Lovins & Lovins, 2000).

However, despite the bold pronouncements of its proponents, CSR has also been equally derided as self-interested image repair, constituting nothing more than "progressive window-dressing" or "a mere public relations bolt-on" (Crook, 2005; Doane, 2005; Frankental, 2001; Lock, 2006; Ray 2003). While there is no doubt that most CSR efforts admittedly serve a public relations function – and some do appear to be nothing more – it would be negligent to dismiss CSR in its entirety as "mere PR" (Miller & Dinan, 2003, 194). Even though CSR initiatives are vigorously promoted by corporations to demonstrate their ethical behaviour, these initiatives are – for the most part – *actual* material changes in business practice (Levy, 1997; Roper, 2005). While they may pale in comparison to other, more ethically questionable practices that the same corporation might engage in, they nevertheless constitute an attempt by corporations to reform certain aspects of their operations that have been perceived as socially irresponsible.[1] That being said, CSR does share many affinities with public relations, constituting a significant sub-specialty of PR practice in its own right (Clark, 2000; L'Etang, 1996). Indeed, as this study will demonstrate, the evolution and development of CSR is intimately related with the history of public relations; its growth and expansion buoyed and buffeted by the same social forces that have historically driven the practice of public relations.

Conventional treatments of public relations history offer a narrative of ethical progression, whereby public relations transforms itself from its early incarnation as a rather dubious practice of crude manipulation to one of democratic guardian, facilitating open dialogue and ensuring the consensus integral to a pluralist society (Grunig & Hunt, 1984; L'Etang, 1996). For instance, public relations historian Scott Cutlip champions the PR practitioner for their contribution to making "all points of view heard in society," as they supply "information rather than misinformation" and replace "discord with concord" (1994, xiii). Attendant to this rather 'Whiggish' narrative is the idea that corporations, in concert with public relations, or perhaps *due* to public relations, have also historically become more and more socially and ethically responsible. Indeed, some PR scholars view the emergence of CSR – particularly due to its emphasis on "stakeholder dialogue" – as the effective realization of a truly ethical and democratic public relations, as corporations forgo their former adversarial relations with opponents, seeking instead cooperation and dialogue with a diverse array of constituencies (Cutlip, 1994; Heath, 1998; Deegan, 2001).

However such views tend to neglect the substantial differentials in power and resources within contemporary society and seem to conceal the essentially persuasive function of public relations as it has been historically practiced. While theoretically, any individual or group has the freedom to engage in a public relations campaign or hire a public relations consultancy to advance their interests, the financial resources and expertise required to conduct a campaign at the levels necessary to influence either public opinion or law-makers generally favour dominant economic interests. As German argues:

[1] For instance, many critics of CSR point to the rather duplicitous practice of some corporations who publicly promote their own environmental initiatives while simultaneously lobbying governments to block or rescind more stringent environmental regulations (See Bendell, 2004; Thompson & Hubbard, 2007).

> Public relations messages reflect the interests of the dominant powers, which in our society are entrenched political and financial (economic) interests. The goal of PR is most often the protection of that power base, and in that end it may take the form of image manipulation, crisis management, political influence or financial gain. Whatever the means, the goal remains relatively constant. PR messages are grounded in the economic values of the corporation (1995, 293).

Recognizing that public relations services are – for the most part – "only available to elite collectivities," critical public relations scholar Jacquie L'Etang similarly concludes that "claims that PR helps democracy seem overblown" (1996, 97). As L'Etang continues:

> Public relations increases the visibility and impact of large organizations, thus reducing available space for citizens. Far from liberating or facilitating public debate and dialogue or the expression of public opinion, public relations is profoundly instrumental, both intellectually and in terms of praxis (Ibid, 98).

This more critical perspective views public relations as the exclusive province of the economically and politically powerful; which rather than facilitating democracy, appears fundamentally subversive to it.

In line with these more critical arguments, this study also challenges the conventional history of public relations as progressing towards a more democratic ideal. Rather, this study will argue that the development of corporate public relations have been in response to the perceived threat of democratic challenges to corporate power – whether embodied in activist governments, trade union power or popular social movements. This argument in itself is not novel, as other scholars have effectively made this case (Carey, 1995; Ewen, 1996; Miller & Dinan, 2008). The argument made here is that CSR has *also* developed – in tandem with corporate public relations – primarily as a means to deflect democratic challenges to the prerogatives of corporate power. However, if corporate public relations as historically practiced have been corrosive to democratic ideals, CSR as currently practiced is more so. This is because CSR represents not only a management strategy designed to legitimate the corporation as an institution, but also includes a package of policy prescriptions that have the potential to profoundly enhance the ability of corporations to escape democratic constraints. Therefore, CSR possesses both material *and* discursive power, shaping not only the perception of corporate power but also its exercise. On the discursive side, this will be demonstrated by efforts to cast the corporation as a legitimate *political* actor, capable of resolving a host of social and ecological problems if left to its own devices. As we will see, this representation of the corporation will be integral to corporate efforts to evade democratic constraints on their operations while also allowing for the corporate appropriation of previously public goods and functions of governance formerly reserved for the democratic state.

In addition, the actual material practice of CSR – through its emphasis on self-regulation, market solutions, managerial and technical expertise, corporate rule-setting and stakeholder dialogue – have actually narrowed the scope for democratic participation in decisions of public import by ostensibly removing these decisions from the public arena. Indeed, this aspect of CSR will be most explicitly demonstrated in regards to environmental policy, an area that may prove CSR's most enduring worth to corporate legitimacy in our current conjuncture. Therefore, despite the rhetoric of democracy, cooperation and inclusion that pervades much of the commentary surrounding CSR, this study will demonstrate CSR to be profoundly *anti*-democratic, ultimately concerned with providing corporations the freedom of action they require to develop and implement their own preferred policies and solutions in the face of democratic challenge. In essence, my overarching argument is that Corporate Social Responsibility constitutes a mode of corporate power and legitimation designed not only to curtail democratic opposition but in fact to extend business power and influence into the public realm.

In this respect, I liken CSR to a "Potemkin village;" a false political construct designed to disguise a more ugly reality. While the term originally referred to Grigori Aleksandrovich Potemkin's mock villages constructed to impress foreign ambassadors and disguise the devastation of the Crimean War, the phrase has come to mean any hollow construct – physical or otherwise – that appears elaborate, but is actually a misleading facade without substance (Laplante, 2005). Indeed, as this study endeavours to demonstrate, CSR's claims to enhance democracy and its promise of environmental sustainability are bereft of substance. Moreover, rather than sustaining and enhancing democracy, CSR is actually circumscribing the very channels for mass democratic participation that any healthy democracy requires. In this sense, CSR's claim to augur the arrival of a more democratic and environmentally sustainable corporation proves to be a mere façade for a more ugly reality; a "Potemkin corporation," if you will.

Much of this contest between corporate power and democracy will be cast in the language of Antonio Gramsci, whose concept of hegemony can best capture both the material and discursive means by which corporations have sought to deflect democratic challenges to their power (Levy, Alvesson & Wilmott, 2004). By investigating the historical development of corporate PR and CSR, this study will illustrate how both have been forged in the fires of corporate fears of democratic challenge, deployed as a means to both defend and re-assert corporate hegemony during periods of acute crises of legitimation with both the corporation as an institution and in certain instances, with the capitalist economic system itself. However, in certain respects, CSR may have come to prove more adept at managing the vicissitudes of democracy to favour corporate interests. For if corporate public relations have been concerned throughout its history with managing public appetites *within* the democratic arena, CSR appears poised to shrink the arena altogether, leaving any substantial notion of democracy a 'very thin reed.'

In this regard, CSR does prove to be a powerful mixture of both discursive *and* material power. All too often, academic questions around CSR are framed in terms of an ideological struggle between competing ideas over the role of the corporation within a democratic society, as if CSR has no discernible impact beyond the symbolic (Kuhn & Deetz, 2008). We should be cognizant that CSR is equally concerned with concrete political outcomes, securing the material policies and freedom of action necessary to advance the preferred political, economic and ecological vision of the corporate sector. As both the ideological and material aspects of CSR can prove mutually reinforcing, we should be careful not to limit our investigation of CSR within the parameters of a "battle of ideas." While ideology constitutes a crucial part of the contemporary CSR phenomenon that will be discussed at length, overplaying this aspect can disguise the real concrete political changes that CSR has helped to affect in regards to corporate governance, regulation and rule-making. It is for this reason that this study pays particular attention to the environmental initiatives promoted under the rubric of CSR, to ensure that this vital aspect of CSR is not lost in the discussion. In this sense it may be useful to recall David Miller's admonition that corporate and class power often occur "behind our backs," meaning that its exercise and influence does not always rely on the marshaling of ideological consent (2002, 255). While the power of corporations to affect and shape popular ideas is no doubt substantial, it does not exhaust other equally effective modes of corporate power and influence.

Certainly then, notions of democracy and corporate power are essential concepts with which this study is concerned. However, there is the danger that they can remain conceptually ambiguous if not furnished with a more rigorous definition. Therefore, before proceeding with the outline of the content of this work, it may be appropriate here to very briefly address how these concepts are defined and utilized throughout this study and their relationship to corporate public relations and CSR.

While most of contemporary scholarship would concede the expansion of corporate power over the past thirty years, many of the more critical inquiries rest solely upon evidence of the increasing economic power of corporations vis-à-vis that of nation states, usually emphasizing the degree to which the economies of current multinational corporations surpass that of certain states (Farnsworth & Holden, 2006; Fuchs, 2007; Harrod, 2006). While this may offer a stark illustration of the growth and economic reach of corporations, it does little to inform us of how this economic power is exercised (and translated into influence) by corporations in the political sphere. Addressing this problem, Doris Fuchs offers a three-dimensional view of corporate power that gives us a better idea of how corporations can potentially marshal their vast resources to influence and induce positive outcomes throughout the democratic process. Fuchs considers business to exercise three modes of power in relationship to the political process – instrumental, structural and discursive power. As will be demonstrated, both public relations and CSR have the potential to greatly enhance the exercise of each of these powers and contribute to the ways each interpenetrates and reinforces the other. I will now briefly consider each aspect in turn.

Instrumental power can be characterized as an "actor-centered relational conception of power" that considers the direct influence of an actor upon another actor (Fuchs, 2007, 56) This is perhaps the most explicit manifestation of corporate influence, as it entails efforts to directly influence political decision-makers through campaign contributions, lobbying, and other forms of advocacy (Ibid, 71-72). Certainly, as will be documented throughout this study, public relations have proved vital to corporate efforts to influence public policy and the legislative process through its ability to veil corporate interests under the cloak of impartiality and manufactured “grass-roots’ popular support (Miller & Dinan, 2008; Stauber & Rampton, 1995). While perhaps less visible, CSR has also contributed to this facet of corporate power. Recent studies of the political influence of CSR have discovered that firms can seek to leverage their social responsibility efforts for political advantage. Business executives say that a good record of CSR can help in a variety of ways, such as enhancing the credibility of a lobbying message, gaining access to politicians, or improving the chances for securing specific political objectives or government contracts (Sims, 2003b). The salience of public relations and CSR for this aspect of corporate power has only increased as corporate lobbying and advocacy efforts have expanded beyond their own domestic concerns into the international sphere as corporations have sought to influence the policy and regulatory agendas of international institutions such as the United Nations. Indeed, these efforts will prove to be a key theme in the study that follows.

In regards to the more critical assessments of corporate power, it is usually the structural power of the corporation that receives the most attention, particularly within Marxist-inspired state theories (Dryzek, 1996; Farnsworth & Holden, 2006; Miliband, 1976; Przeworski & Wallerstein, 1988). In contrast to the instrumental approach that emphasizes the active agency of the corporation in its efforts to influence the political process, structural conceptions of power consider the more passive means by which corporations exercise influence through their inordinate power over economic decisions (Fuchs, 2007). According to theorists of structural power, “various mechanisms restrict the policies of the capitalist state to those which are compatible with the basic needs (though not necessarily the wants) of business” (Farnsworth & Holden, 2006, 474-475). The most important mechanism of structural power stems from the ability of capital to privately determine the allocation of investment and resources, which subsequently can impact levels of employment, consumption and economic growth (Ibid, 475). Following this, states must enact policies that attract private investment – irrespective of the will of the public – or else face the possibility of capital and job flight to more “business-friendly” regions. Fred Block succinctly sums up this argument:

> In a capitalist economy the level of economic activity is largely determined by the private investment decisions of capitalists. This means that capitalists, in their collective role as investors, have a veto over state policies in that their failure to invest at adequate levels can create major political problems for state managers (Cited in Przeworski & Wallerstein, 1988, 13).

According to Dryzek, these policy constraints also effectively serve to constrain democracy, "for policies that contradict the fundamental interests of business must be vetoed, no matter how popular" (1996, 479). While the impotence of the state may be exaggerated and the power of a mobilized citizenry underestimated in these theories, they nevertheless agree that the structural power of capital is ostensibly passive, as politicians and state managers anticipate the actions of capital and act accordingly. As Fuchs argues, the structural power of the corporation allows it to exercise an "agenda-setting" function over state policy, without having to explicitly state its preferences (Fuchs, 2007, 105). However, with the emergence of CSR the idea that the structural power of the corporation is merely passive may prove inadequate. Indeed, as Fuchs observes, with the increasing participation of corporations in modes of political governance, business has assumed the capacity to *directly* determine policy inputs (Ibid, 104).

Through the implementation of CSR initiatives that advocate modes of corporate self-regulation, private-public partnerships and codes of conduct as a means of regulating corporate behaviour, corporations are increasingly in the position to "determine issues, define problems, and design, adopt, implement and enforce 'solutions' themselves" (Ibid, 104). CSR has therefore enhanced the structural power of the corporation by allowing it to not only set the agenda, but increasingly to set the rules as well. This aspect of corporate power will be most explicitly addressed in the discussion of corporate responses to environmental crisis, as corporate leaders have been at the forefront of designing and implementing their own preferred environmental solutions in lieu of state-led action. What needs to be emphasized here however, is that CSR initiatives have allowed corporations to usurp certain aspects of the decision-making role previously reserved for governments, permitting the corporation to be its own author in policies purported to promote the social and environmental responsibility of the corporation.

Discursive power, the third dimension of corporate power that Fuchs outlines, is perhaps the most salient for corporate public relations and CSR strategies that are ultimately concerned with constructing public and elite sensibilities to align with corporate interests. As Fuchs puts it, discursive power is the "capacity to influence policies and the political process through the shaping of norms and ideas" (Ibid, 139). This is accomplished through efforts to shape and manage public debate by the framing of issues and de-limiting the parameters of discussion through the exercise of control over the media environment. Obviously, the communicative strategies employed through public relations and CSR to advance corporate interests are integral to such efforts, as they aid resource rich actors in the exercise of discursive power, translating "financial resources into persuasive arguments and frames" (Ibid, 153). Furthermore, because discursive power can intervene before interest formation, shaping attitudes to policies prior to their formulation, it can serve to create ideological conditions conducive to corporate interests by eliminating the consideration of policies antithetical to business from the outset (Ibid, 154). While Fuchs views this aspect of corporate power as a rather recent development, I would submit that the discursive power of the corporation is not as novel as she suggests. Indeed, as we will see, efforts to pre-empt the policy process through the careful management of public opinion has been a hallmark of corporate public relations and CSR practice almost since their inception.

However, it is true that this aspect of corporate power has become considerably more significant as the corporation has become a much more overt political entity, in need of the requisite legitimacy to justify its increasing influence over political decisions. Fuchs notes that studies have "identified a dual strategy adopted by business actors in this respect," as business has sought to acquire legitimacy for itself, while simultaneously "challenging the presumed legitimacy of competing actors" (Ibid, 144). This is a strategy that we will see played out throughout this study, as corporations have used public relations and CSR to both demonize alternatives to private economic power while at the same time promoting the corporation as a benevolent and even *democratic* institution.

Lastly, we should recognize that these powers can be mutually reinforcing. Indeed, the ability of corporations to out-lobby opponents, dominate the media environment and crowd out alternative opinions relies to a great extent on the material power of the corporate sector; through the ability to marshal their substantial resources and organizational capacity to these ends. Similarly, the successful exercise of discursive power can enhance both the instrumental and structural power of the corporation by creating the climate of opinion conducive to lobbying efforts or by framing the corporation as a legitimate and responsible political actor capable of regulating itself. Moreover, these powers can also serve to bolster corporate influence in periods when one aspect of corporate power is on the wane. For instance, Farnsworth and Holden (2006) intimate that when the structural power of business is weakened due to the political strength of trade unions or social movements, corporations may have to intervene more directly in the political process through greater lobbying, advocacy and other forms of business activism. This certainly appears to hold true for this study, as we will see that corporate public relations and CSR efforts reach their apogee during times of perceived crisis and challenge from popular movements.

The above should reinforce the assertion that CSR should be considered both a material *and* discursive practice, as it serves to advance corporate power not only in the ideological realm, but also "on the ground" as it were. Moreover, this brief synopsis raises important questions regarding the scope of corporate power and its potential to circumscribe avenues for democratic participation. Certainly, this will be a principal concern of this study. Therefore, it should be evident from these concerns that this study operates under a normative theory of democracy. More specifically it assumes that the vision of a more participatory form of democracy is an essential component of a more just and equitable society and that efforts to restrict the channels for democratic participation or remove decisions from the public realm are deleterious to the democratic project and should be subject to the highest standard of critical scrutiny (Cunningham, 1987; Pateman, 1970). As Anthony Arblaster reminds us, "creating and expanding democracy, which exists under growing threat from the vastly increased activities of non-accountable 'private' conglomerations of power, remains the central task for serious democrats" (2002, 108).

As we will see, this vision of a more inclusive and participatory democracy stands in stark contrast to that of many corporate leaders and public relations practitioners who take a rather dim view of public participation in political decision-making. Indeed, the history recounted within this study will demonstrate the persistent tendency among many corporate and public relations leaders that views the public as an irrational and credulous mass that requires skillful management to ensure it does not inadvertently exercise its democratic franchise to undermine corporate power and privilege. In many respects, CSR continues this tradition, although we will see that CSR regularly exploits the rhetoric and optics of democracy to keep this tendency from plain view, even while it circumscribes avenues for authentic democratic participation.

With the tenor of the argument of this study in place and these conceptual qualifications in mind, we can now turn to a more detailed account of how the above argument will be structured. In addition, I will further emphasize the original contribution of this research to existing academic literature and explain why the question of CSR deserves greater scholarly attention than it has hitherto received.

While this study attempts to encompass the history of corporate public relations and CSR since their early inception, I place particular emphasis on the contemporary period (1990-2003). While this period has witnessed the explosive growth of CSR, the emergence and consequences of this phenomenon have been overlooked by much of critical scholarship (Ougaard, 2007). To address this absence, I devote considerable attention to how corporate public relations and CSR have been deployed to defend the neoliberal project in the face of accelerating ecological crisis and the challenge of the environmental movement, observing how they have been an integral element in the development of what William Carroll has called "the eco-capitalist response" (2006, 46). This emphasis is due not only to the inordinate attention that CSR has placed on issues of the environment and sustainable development, but also because in many respects, the environmental crisis represents a novel challenge to both the legitimacy of the modern corporation and the capitalist system of production. Thus, due to the relatively recent and unfolding nature of this crisis, it can provide valuable insight into the changing and shifting nature of corporate strategies to effectively respond to this challenge, revealing intriguing contradictions and conflicts that in many cases both CSR and public relations have been called upon to help remedy.

The impetus for this study stems from the paucity of critical research in this area. As has been discussed, conventional histories of public relations appear allergic to discussions of power and inequality and the interests public relations have historically served. Indeed, other public relations scholars have pointed to the lack of critical perspectives in much of the academic scholarship that considers these issues (Mickey, 2003; Toth & Heath, 1994). Furthermore, very few writers have brought to bear the theoretical traditions of Marxism to the issue of public relations. Indeed, as Ron Pearson notes, Marxism is a perspective that is "rarely acknowledged in histories and texts" on public relations (1994, 122).

While there do exist critical public relations histories, almost all of them tend to conclude their analyses after the corporate counter-offensives of the 1970s that helped to successfully undermine the Keynesian post-war social contract (See Carey, 1995; Ewen, 1996; Fones-Wolf, 1994). Very few have followed the trajectory of PR history up to the present day (See Beder, 2002; Miller & Dinan, 2008 for an exception). Moreover, *none* of these critical histories have attempted to investigate the links between public relations and CSR, leaving the field of the history of CSR mostly to business historians (For example, Carroll, 2006; Hetzner, 1997; Vogel, 2005).

However, while CSR has definite origins in the historic practices of public relations, CSR is also unique to the current conjuncture in that it is indelibly linked to the processes of neo-liberal globalization. Its most recent development and deployment has been in response to the new vagaries of the global economy, attempting to rectify issues of global governance, environmental sustainability, labour and human rights standards, and indeed the very role of the corporation in society. Given the phenomenal rise of CSR and the potential scope of its effects already alluded to, it is curious that it has been so neglected as a topic of research by critical scholars. Therefore, it is hoped that this study can provide a partial remedy to this scholarly lacuna and provide an alternative, critical perspective on an aspect of corporate power that has been woefully under-theorized.

In order to fulfill the scope and range of this study, the structure of my argument will be as follows. First, I will outline the theoretical and methodological considerations that can best achieve the objectives of this study. This will include explaining the theoretical relevance of political economy, Antonio Gramsci, Karl Polanyi, and Marxist political ecology to the aims of this project. The methodology section will address the process used to conduct this study. As this study is primarily historical in nature, I will defend my use of qualitative historical analysis as a method and present the relevant sources and materials that constituted the primary data for my subsequent analysis. This section will be followed by an extensive literature review that considers three bodies of scholarly research that are appropriate to this study; this includes the main bodies of scholarly debate concerning public relations history, corporate social responsibility and sustainable development. The literature review will further refine the concepts and definitions that will be used throughout the study and in some respects provide further context in some areas that were deemed outside the purview of the main study.

Once these qualifications have been established, I develop my historical argument, beginning with the nascent origins of public relations in the United States of the Progressive Era. The initial focus on the United States is intentional, as both public relations and CSR are generally considered to have originated in the U.S. However, as the study progresses, the international dimensions of PR and CSR will increase in importance, particularly as American corporations become trans-national in character and face the prospects of international modes of regulation.

Finally, as much of the conventional treatments of public relations tend to periodize the history, I adopt the same technique. However, rather than the narrative of ethical progression that characterizes so much of this history, I divide the history of public relations and CSR into periods of episodic crisis, charting their deployment and development during crises of corporate legitimacy and general public disillusionment with the capitalist economic system. Thus, the chapters of this study attempt – as much as possible – to conform to these distinct periods of crisis. While I endeavor to maintain a linear chronology throughout most of this work, I do deviate in areas where it is deemed appropriate, whether to provide further context or to advance a certain aspect of my argument. With these qualifications in mind, we can proceed to an overview of the main chapters of this dissertation.

Chapter three of this study documents the intimate relation between public relations and corporate power. The chapter will focus on the perception of American business that popular expressions of democracy, through legislation, regulation and trade union organization posed a threat to the "free enterprise" system and that the manipulation of public opinion was seen as a key strategy to defuse these threats. A cursory investigation of the strategies and tactics of the public relations industry – including the incipient development of CSR – in concert with the corporate sector through the Progressive Era, the Great Depression and Post World War Two will establish the historical continuity of corporate responses to popular expressions of democracy within the United States.

Chapter four further illustrates the historical continuity of corporate public relations responses to potential democratic threats into the 1970s, a period of acute crisis for American corporations, in both the domestic and international sphere. In addition, the chapter will situate the emergence of CSR as an identifiable management strategy to address this crisis of corporate credibility within the expanding role and functions of corporate public relations initiated during this period. Particular emphasis is placed on the belief that CSR could act as a means to manage or even *pre-empt* challenges to corporate power. This period is crucial to the development of CSR as many of the techniques and strategies deployed in the present day originated in the 1970s. Furthermore, the chapter will also discuss the development of increasing corporate class-wide cohesion at both the national and international level due to the degree of political organization and activism displayed by corporations during this period.

The fifth chapter considers the modern period of public relations and CSR beginning in the late 1980s and early 1990s. This is the period where CSR truly flourishes as a corporate strategy of its own, and consequently my focus shifts to account for this. In accordance with the previous sections, this chapter outlines the democratic challenge to corporate power now embodied in the environmental movement and how public relations and CSR were deployed as a response. It also considers the growing legitimacy crisis of neoliberalism and the counter-hegemonic challenge of the global justice movement and how CSR has been institutionalized in forums of international governance – such as the Rio Earth Summit and the Global Compact – as a means to deflect these challenges to the neoliberal project.

The sixth chapter seeks to further develop the line of inquiry pursued in the previous section. While CSR can be viewed as a means to contain and manage potential counter-hegemonic challenges, this chapter attempts to provide greater detail as to how this process has evolved in the political conflicts manifest over environmental degradation. Of particular concern in this chapter is how CSR and the technique of stakeholder dialogue have been used to co-opt moderate environmental groups and marginalize critics in the attempts by certain far-sighted corporate leaders to develop an "eco-capitalist" response to environmental crisis that can garner sufficient legitimacy without altering the fundamental structures of the capitalist economic system itself.

Chapter seven documents the further entrenchment of CSR and regimes of corporate governance over the environment. It further submits CSR's environmental claims to a critical evaluation, investigating its underlying assumptions and assessing their potential to deliver the type of environmentally sustainable society that its proponents promise. It further evaluates the space for democratic participation inherent to these solutions, providing a normative standpoint from which to evaluate the ultimate efficacy of these proposed environmental remedies.

The eighth and final chapter seeks to elucidate the processes that drive economic growth and expansion in a capitalist economy while evaluating the purported efficacy of CSR's environmental strategies such as eco-efficiency and dematerialization to render economic growth ecologically benign. The chapter attempts to further theorize the general utility of CSR and its environmental component to the "eco-capitalist response" that has been in development since the early 1990s. The conclusion of this chapter will attempt to synthesize the arguments of the previous two chapters in order to better understand how CSR has contributed to corporate efforts to navigate the ecological contradictions of capitalism and re-assert corporate hegemony over issues of environmental concern.

Following this assessment, the concluding chapter will present an overview of my findings, drawing out the relevant historical continuities and disjunctures, presenting my conclusions while also speculating on further lines of research that the study may propose. With this structure in mind, I now turn to the theoretical and methodological considerations that will inform the content of this study.

Chapter One
Theory and Method

The following chapter outlines the theoretical and methodological considerations that inform the content of this study. This study employs a host of analytical lenses that provide a mutually reinforcing framework for analysis. For the purposes of this work, theories relevant to political economy, Antonio Gramsci, Karl Polanyi, and Marxist political ecology were deemed to be best suited to this study. Methodologically, the qualitative historical analysis employed by Historical Sociology was selected as the most appropriate method to guide this research. In what follows, I will explain the relevance of the theories that inform this study and justify my methodological approach while presenting the relevant sources and materials that constituted the primary data for my subsequent analysis.

Theoretical Considerations

As with any study of media and/or cultural artifacts it is important to adopt a trans-disciplinary approach in order to enable the researcher to move from "text to context" (Kellner, 1995; 28). However, because CSR involves not only discursive claims, but also material practices, a trans-disciplinary approach that can evaluate both these aspects of the CSR phenomena is essential. Moreover, due to the historical specificity of CSR and public relations and their implication with a host of political and socio-economic factors, it is imperative to draw from a number of fields of inquiry in order to fully explore these phenomena without falling into any disciplinary 'straight-jackets.' I therefore deploy a number of theoretical lenses throughout this study that I believe are mutually reinforcing and thereby provide a powerful explanatory framework for analysis.

Firstly, due to the study's emphasis on the historical, political and economic circumstances that have propelled the development of public relations and CSR, a political economy lens is essential. As political economy entails the study of the "processes whereby social change is located in the historical interaction of the economic, political, cultural and ideological moments of social life" (Clement & Williams, 1989, 7), it is well suited to the aims of this study. Moreover, the ability of political economy to transcend rigid disciplinary boundaries and consider these many aspects of social life can allow for a deeper analysis of phenomenon like CSR, that have the potential to influence a broad swathe of concerns that may lay beyond the purview of any one single academic discipline. As this study will show, CSR as an object of study certainly demonstrates this potential, as it provokes questions on politics and policy, economic power, ideology and discourse, and nature and the environment. Therefore, in order to best capture the broad effects of CSR, it is incumbent to adopt a mode of analysis that can address these disparate concerns while situating them in the broader social totality (Jessop & Sum, 2003; Mosco, 1996). Furthermore, as political economy – particularly in its more cultural variants – is concerned with the "material and discursive features of economic objects and processes (and indeed their co-constitution)," such an approach is well suited to the analysis of the dual nature of CSR that is so essential to a comprehensive understanding of this phenomenon (Jessop & Sum, 2003, 97; Also Meehan, Mosco & Wasko, 1993).

Equally important for this study is political economy's emphasis on relations of power and the dynamics of socio-economic conflict (Babe, 1995; Mosco, 1996). As this study situates the development of corporate public relations and CSR within the context of popular struggles against corporate power, this theoretical lens provides the ability to comprehend how changing relations of power are connected to broader political and economic trends. Indeed, this aspect of political economy will be most salient in the analysis of the periodic crises that beset corporations over the historical period considered in this study, as each period of crisis is contextualized within the unique political, economic and social conditions that brought it forth.

Moreover, it should be noted that at least for the more critical variants of political economy, this concern with power is not disinterested. As Babe suggests, political economy views the world as "a struggle for power and aligns itself with the underprivileged" (1995, 82). Certainly, ethical and moral sentiments have been inherent within much of political economy since the time of Adam Smith (Mosco, 1996). However, Golding and Murdock maintain that what truly distinguishes a *critical* political economy is its concern with "basic moral questions of justice, equity and the public good" (Cited in Mosco, 1996, 34). In this respect, political economy allows for the sort of normative standpoint previously alluded to in the discussion on democracy. Therefore it is not averse to taking a position and critically evaluating its object of study from a normative standpoint. Finally, it should be observed that political economy is not an approach that has been widely adopted in much of the contemporary literature on CSR. As Morten Ougaard notes, scholarly work on CSR from a political economy perspective "seems to be in short supply" (2006, 231). Therefore the use of this approach has the potential to unearth new ways of understanding CSR and should only further contribute to research in this area.

The theorizations of Italian Marxist Antonio Gramsci, and to a lesser degree, the later theorizations of the Neo-Gramscian school of International Political Economy (IPE) also inform a significant portion of the analysis throughout this study. Gramsci's analytic concepts and theoretical insights offer a powerful framework with which to understand the processes of contestation, resistance and accommodation that have characterized the historic corporate response to popular democratic challenge. Indeed, most important to this study is the Gramscian concept of hegemony. As Levy, Alvesson and Willmott remark, Gramsci's conception of hegemony provides "a point of departure for a critical approach that emphasizes the interaction of material and discursive practices, structures and strategems in establishing and sustaining corporate dominance and legitimacy in the face of challenges from social actors and economic rivals" (2004, 100). Indeed, how corporations have deployed the material and discursive practices of CSR and corporate public relations to both defend and re-assert their legitimacy in times of acute crisis is a central theme of this work. While we will have cause to more fully elaborate upon Gramsci's theoretical contributions in the chapters to come, a brief introduction of the more salient aspects of his theory should illustrate its importance to the aims of this study.

Gramsci used the term hegemony to connote a "congruence of material and ideological forces that enables a coalition of interests to maintain a dominant position in society" (Levy, 1997, 129). This dominant position is not maintained primarily through force – although the power to compel through coercion is always readily available – but through ideological and cultural dominance capable of securing popular consent. Hegemony is exercised through an "historic bloc," which refers to a dominant alliance of social groups and also, more abstractly, to the "alignment of material, organizational, and discursive formations which stabilize and reproduce relations of production and meaning" (Levy& Egan, 2003, 806). The ability to mobilize and maintain an effective and stable "historic bloc" requires not only certain material concessions to subordinate groups, but also "discursive frameworks that actively constitute perceptions of mutual interests" (Ibid, 807). In other words, a hegemonic social structure must make the particular interests of the dominant group appear as the general interest to all. Indeed, Gramsci states that the supremacy of a social group or class manifests itself in two different ways: "domination or coercion and intellectual and moral leadership" (Femia, 1987, 24). Hegemony is achieved through the latter, as ruling groups justify their power and status by securing the consent of subordinate groups by representing their own particular or "corporate" interests as the universal interest of all within a society (Boggs, 1984; Femia, 1987).

Gramsci suggested that insofar as the ruling ideas are internalized by the majority of people, they become "common sense," a taken-for-granted conception of the world rarely challenged that legitimizes unequal power relations as the "natural order of things" (Boggs, 1984, 161). Gramsci's theory of hegemony provides us with a useful lens with which to understand how corporations attempt to secure consent for their unrivalled position of power in society by creating a climate of opinion that represents the interests of the corporation as congruent with that of the public – "What's good for General Motors is good for America" succinctly captures this notion.

However, Gramsci's concept of hegemony does not posit a static, totalizing form of ideological control. Indeed, the value of Gramsci's theory is that it allows for a degree of agency and dynamism that is not always present in more structuralist Marxist theories or certain elements of post-structuralism that tend to "dissolve" the active subject in discourse (Klaehn & Miller, 2006; Levy, Alvesson & Willmott, 2004). Despite the deep saturation of hegemonic forms of dominance within our lived reality, hegemony does not just *passively* exist as a form of dominance. It must be "continually renewed, recreated, defended, and modified. It is also continually resisted, limited, altered, challenged by pressures not at all its own" (Williams, 1977, 112). Certainly, Gramsci recognized that this process entailed a certain degree of compromise and accommodation on behalf of the dominant group in order to secure the active consent of subordinate groups. Indeed, the mobilization of an integrative hegemony does not preclude conflict; rather it seeks to forge a "substratum of agreement" that can withstand the "division and disruptive forces arising from conflicting interests" (Femia, 1987, 39). As will be demonstrated, despite the considerable ideological power that corporations can mobilize on their behalf, their conception of the world has been subject to consistent challenge throughout the history documented in this study. Indeed, how the corporation has attempted to 'renew, recreate and defend' the ideological conditions necessary to legitimize itself as an institution within a democratic society while promoting its broader political, economic and ecological vision will be a central theme of this work.

Similarly, the space for resistance and challenge to the dominant hegemony through the mobilization of counter-hegemony will also form a key part of this study. As has been stated, the exercise of hegemony is a shifting and dynamic project that can never remain static or stable. Periods of crisis have the potential to weaken the dominance of hegemonic groups that can contribute to the ascendance of insurgent or counter-hegemonic conceptions of the world. These "crises of hegemony" may force the re-alignment or re-organization of historical blocs and the invention of new ideologies of legitimation as dominant groups attempt to justify their leadership role under a new extant set of historical circumstances (Simon 1982). Certainly, we will see these processes of contestation, accommodation and re-alignment play themselves out in regard to the contemporary environmental crisis, with a particular emphasis on the ways public relations and CSR have helped corporations navigate this significant challenge

However, despite the capacity for agency and resistance in Gramsci's theory – most notably in the dialectical concept of counter-hegemony – Gramsci's scattered and cryptic writings do not provide us with an explicit theorization of how counter-hegemonic movements can coalesce and successfully challenge the power of the dominant coalition. As Burawoy observes, "Gramsci so appreciates the power of capitalist hegemony that, ultimately, he is at a loss to understand how it can be undermined" (2003, 230).[2] As Burawoy sees it, Gramsci is at pains to demonstrate how

[2] Of course, Gramsci outlined his strategy for counter-hegemonic challenge in his privileging of the slow ideological work of "war of position" over the more direct assault of the "war of movement." What I believe Burawoy is emphasizing is that Gramsci recognized the significant obstacles the working-class

the working class – Gramsci's main agent of social change – can effectively mobilize an alternative hegemony given its subordinate position. An alternative counter-hegemony based solely on the particular interests and experiences of the working class would have difficulty presenting itself as universal in order to appeal to other subordinate groups – particularly given that the working class cannot draw upon the institutions of civil society to disseminate their ideas to the same extent as the dominant group. Moreover, without the material resources of capitalists, the working class cannot make the types of material concessions required to secure the types of alliances with other groups or classes necessary to mobilize a successful counter-hegemonic challenge. As Burawoy suggests, "All it can do is claim (promise!) that the long-run interests of allies lie with socialism and working-class hegemony" (Ibid, 225). However, Burawoy believes that the theories of Karl Polanyi can help resolve this impasse within Gramsci's thought.

The central idea behind Polanyi's theory hinges on his belief that the "self-regulating market" (the market unhindered by societal restrictions) relies on three central commodities – land, labour and money (2001, 76). However, for Polanyi, these are actually "fictitious commodities," because while they circulate in the market as though they are commodities (produced exclusively for sale), they cannot be treated as such without destroying them. As Burawoy explains:

> To reduce labor to a commodity that is bought and sold is to destroy its distinctively human character upon which depends its usefulness. Equally, to commodify land is to threaten the environment and agriculture where upon land also loses its use value. Finally, to commodify money is to create such uncertainty as to imperil the very process of exchange. Once again, reduction to exchange-value undermines use-value (2003, 218).

For Polanyi, to subject these "commodities" to the full force of the market, with no means of protection, is to invite disaster. As there is no internal logic to the market to prevent it from over-exploiting these fictitious commodities – which are also the means of life and survival for the majority of humanity – Polanyi argues that a spontaneous counter-movement will inevitably arise from within society to restrict the expansion of

would face in its attempts to win a protracted "war of position" and establish the type of counter-hegemonic movement capable of directly challenging bourgeois rule in an advanced capitalist society.

the market in order to blunt its more destructive tendencies (2001, 136).[3] This is Polanyi's "double movement" – as the self-regulating market seeks to expand its power over more elements of life, a simultaneous counter-movement develops to restrict its expansion (Ibid, 138-139).

It is Polanyi's emphasis on the destructive power of the self-regulating market that provides the universalizing impetus to mobilize a broad coalition of interests. For Burawoy, this is the essential contribution that Polanyi brings to Gramsci's theory of counter-hegemony,

> it is the experience of the market that can appeal to all classes. The market appears to workers as the loss of jobs, impoverishment, longer working hours, and sweatshop conditions. To the peasantry the market is responsible for the loss of land and forced entry into wage labor. The market appears to the landed aristocracy as the degradation of space and the importation of cheap food… Everyone suffers from the market inasmuch as unrestrained it leads to the destruction of the environment, global warming, toxic wastes, the colonization of free time, and so forth (2003, 230-231).

Therefore, Burawoy argues that it is the ravages of the market that offer the best possible grounds for counter-hegemony. Indeed, Burawoy's argument is bolstered by the emergence and growth of the global justice movement's challenge to neoliberal globalization. This internationally diverse movement, representing a range of political perspectives and class interests, has nevertheless coalesced in response to the dislocating effects and un-democratic character of market-driven neoliberal policy (Burawoy, 2003; Johnston, 2006; Rupert, 2000). Certainly, the counter-hegemonic nature of this movement and the challenge it represents to the corporate neoliberal vision – particularly in regards to the environment – will be a central aspect of the later chapters of this study.

While Gramsci and Polanyi are not generally thought of as like-minded theorists, I believe that the combination of their insights can provide us with a powerful lens from which to view the emergence of counter-movements against corporate power, particularly in our current conjuncture. However, Polanyi's theoretical worth to this project also

[3] Polanyi's determinism here can be rescued by Gramsci's more sophisticated notion of "relations of forces." Whether the protective impulse to protect against market expansion manifests itself would seem to be contingent on the development and preparations of the classes most negatively affected. Similarly, should the protective impulse arise, the extent and character of the restrictions imposed upon the market would seem equally contingent on the ability of subordinate groups to effectively mobilize themselves as a class.

extends into questions of environmental sustainability – a key promise of CSR. Therefore, Polanyi's contribution to political ecology must also be considered as part of the theoretical considerations of this study.

Polanyi's critique of the commodity fiction – particularly land, or what can more broadly be identified as "nature" – has increasingly been appropriated by thinkers operating out of the tradition of political ecology (See McCarthy & Prudham, 2003; O'Connor, 1996; Prudham, 2005). Polanyi's theories not only provide an explanation for the emergence of environmental counter-movements, seeking to protect nature from the cold calculus of market logic, but also present a powerful critique of the commodification of nature and its consequences. Indeed, both these insights have been central to the arguments put forward by political ecologists operating out of the Marxist tradition – particularly in the pioneering ecological Marxism of James O'Connor that informs the final portion of this study (Prudham, 2005, 11).

While political ecology encompasses a divergent array of thought, it nevertheless contains a set of common assumptions and modes of explanation. Firstly, political ecology is *political*; it rejects apolitical accounts of environmental change, arguing that economic and political inequalities invariably shape environmental issues (Pezzoli, 1997; Robbins, 2004). It is thereby highly critical of dominant contemporary accounts of ecological crisis and environmental change favoured by corporate, state and international authorities that purport to be "objective" or "neutral" (Robbins, 2004, 11-12). Bryant explicitly addresses this aspect of the political ecology approach:

> By critically focusing on the relationship between environmental change, socio-economic impact and political process, such research addresses neglected issues. It rejects facile assumptions about environmental change and human welfare – for example, that ecological degradation is a universal evil befalling rich and poor alike. Rather, it explores how such change is incorporated into concrete political and economic relationships, and the ways that it may then be used to reinforce or challenge those relationships (Cited in Pezzoli, 1997, 556).

Accordingly, due to its emphasis on the political and economic factors that shape environmental issues, much of political ecology adopts an implicit political economy approach as "the systems that govern use, overuse, degradation, and recovery of the environment are structured into a larger social engine, which revolves around the control of nature and labor" (Althusser & Balibar, cited in Ibid, 52). This is certainly true of Marxist political ecology, as it adopts the normative standpoint of Marxist political economy coupled with a materialist view of history that attempts to capture the multiple contradictions and conflicts that capitalism's appropriation and commodification of nature ultimately entail. Thus, employing Marxist political ecology as a mode of critique will allow for the thorough interrogation of CSR's environmental claims and the market assumptions that underlie them that will conclude this study.

In conclusion, while this study employs a number of theoretical perspectives, I believe that they share enough affinities for the purpose of this study to be mutually reinforcing. While I will have cause to more fully elaborate on these theories in the chapters that follow, it is important to note that their selection is not arbitrary and that when taken together they provide a powerful framework of analysis for the specific questions that are central to this study. With these qualifications in mind, I now turn to an explanation of the methods employed to conduct this study.

Qualitative Historical Analysis and other Methodological Considerations

Given the historical nature of this study, a methodological framework was required that could best capture the historical continuities in the deployment of corporate public relations and CSR that formed the early premise of this dissertation. In addition, due to the theoretical considerations that inform this study, this method also had to allow for a greater degree of theoretical interpretation and analysis than is usually allowed for in more traditional historical methods (Deflem, 2007). After much consideration, it was decided that the methods associated with qualitative historical analysis – specifically that of Historical Sociology – best met the needs and objectives of this study. Theda Skocpol – one of the foremost advocates for the marriage of history and sociology – offers this appraisal of Historical Sociology:

> Truly historical sociological studies have some or all of the following characteristics. Most basically, they ask questions about social structures or social processes understood to be concretely situated in time and space. Second, they address processes over time, and take temporal sequences seriously in accounting for outcomes. Third, most historical analyses attend to the interplay of meaningful actions and structural contexts, in order to make sense of the unfolding of

> unintended as well as intended outcomes in both individual lives and social transformations (1984a, 1).

As Skocpol continues, Historical Sociology is devoted to “understanding the nature and effects of large-scale structures and fundamental processes of change,” with the “desire to answer historically grounded, macroscopic questions” (Ibid, 4-5). In addition, Historical Sociology offers wide latitude for interpretation and analysis, allowing the researcher to make sense of historical patterns “using whatever theoretical resources seem useful and valid” (Ibid, 17). Thus, given the above description, it is apparent that this approach is well suited to the needs and objectives of this study.

While Skocpol argues that there are no “mechanical recipes for proper methods of historical sociology,” there nevertheless exist certain guidelines for the gathering and analysis of the historical materials that are the basis for any historical inquiry (1984b, 361). As Deflem notes, the sources of historical investigations, also called “historical material, documentary evidence, or historical sources,” include “material remnants, written and/or otherwise recorded sources (primary and secondary), and oral history” (1997, 3). The division of historical material into primary and secondary sources is a vital aspect within any historical inquiry. As Thies explains, primary sources refer to “the original source material of an event, including all evidence contemporary to an event” (2002, 356). Primary sources provide first-hand testimony or direct evidence concerning a topic under investigation and can be created by participants, witnesses or recorders who experienced the events or conditions being documented. Often these sources are created at the time when the events or conditions are occurring, but primary sources can also include autobiographies, memoirs, and oral histories recorded later. It is not the medium of the record that determines its historical worth, but the content. Therefore, a whole host of media can be utilized as primary historical sources including printed and published texts, manuscripts, visual materials, sound recordings and oral histories (Yale University, 2008).

Secondary historical sources include all that has been written on the event subsequent to that time – these usually refer to books, articles or other texts prepared by historians or other scholars that attempt to reconstruct the events of the past from primary archival material (Thies, 2002, 356). However, the distinction between what constitutes a primary or secondary source ultimately depends upon how the source is utilized by the researcher. Indeed, as Deflem observes, "the distinction between primary and secondary sources is not intrinsic to documents but dependent on their value in research" (1997, 5). Yale University's Historical Collections offer the following example of how sources can be considered primary or secondary depending on its use to the researcher:

> For instance, an article on slavery in a recent issue of the *Journal of Southern History* should be read as a secondary source, as a scholar's attempt to interpret primary source materials such as ledgers, diaries, or government documents in order to write an account of the past. An article on slavery published in the *Journal of Southern History* in 1935, however, can be read not only as a secondary source on slavery but also – and perhaps more appropriately – it can be read as a primary source that reveals how scholars in the 1930s interpreted slavery (2008, n.p).

As we will see, the above example is particularly pertinent to this study because of the reliance on period-specific practitioner and trade literature as a primary source of historical data.

For the basis of my investigation, I rely on both primary and secondary historical sources. Primary materials include recorded statements by public relations and CSR practitioners and advocates, trade publications and practitioner-oriented literature, leaked internal corporate documents, reports and materials produced by CSR-oriented business associations, and the reports and press releases of non-governmental organizations (NGOs) and international organizations such as the United Nations and the OECD. The time period under consideration ran from 1971 to 2007. The main trade publications and practitioner-oriented literature consulted include; *PR Week, O'Dwyer's PR Services Report, Jack O'Dwyer's PR Newsletter, Public Relations Journal, Public Relations Quarterly, Public Relations Research, Public Relations Review, Public Relations Strategy, Public Relations Strategist, Corporate Communications, Ethical Corporation, Business & Society Review, Long Range Planning* and *Business Horizons* (See the Bibliography for full list). An effort was made to gather as much relevant source material as possible. Once this material was gathered, the analysis process involved evaluating the authenticity and accuracy of the sources; intense reading and immersion in the materials; and interpreting, categorizing, and synthesizing the data while searching for patterns and continuities relevant to the main research questions.

While these source materials offer a wealth of information on the tactics and strategies of public relations and CSR, it is true that they do not constitute the type of first-hand archival sources that exemplify primary historical evidence. However, the problem for this investigation was one of access. Indeed, problems of availability and access are one of the key obstacles that must be accounted for in any historical investigation (Deflem, 1997; Skocpol, 1984b). In regards to the public relations industry, it has been observed by other researchers that access to internal archives is well near impossible given the industry's historical proclivity for secrecy (Burton, 2007).[4] Indeed, one prominent researcher in the field observed that public knowledge of such internal corporate documents usually only came by way of an internal leak by disgruntled employees.[5] While I include leaked documents in this study, they are certainly not extensive enough to base a study of this scope on alone. Moreover, early attempts at communications with public relations practitioners also demonstrated this lack of transparency, with responses that felt more like a pitch for the firm in question rather than any form of authentic dialogue.

In light of this, I have followed the lead of other researchers in this field who depend on the frank and candid nature of discussion within public relations trade publications and other practitioner-based literature to divine the historical development of the tactics and strategies associated with both corporate PR and CSR (See Beder, 2002; Burton, 2007; Miller & Dinan, 2008).[6] In conjunction with the other sources cited, I use these primary materials to re-construct how public relations practitioners, corporate leaders and others assessed and adapted to the periodic crises of corporate legitimacy that are the central concern of this work. This includes documenting how threats were perceived and managed, advocacy for certain tactics and techniques, attitudes and beliefs within the PR industry and the wider corporate sector, and general assessments of the strategic efficacy of both public relations practice and the CSR movement. Therefore, it

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[4] This is also true of access to corporate archives more generally (See Savitt, 1980, 56).
[5] Personal correspondence with Dr. David Miller, Department of Geography and Sociology, University of Strathclyde, Scotland, U.K.
[6] Other researchers have commented on how most business and trade-oriented literature need to adhere to a higher standard of accuracy due to the knowledge and power of the readership (See Mintz & Schwartz, 1985, xiv-xviii).

is important to emphasize that it is the *approach* taken towards these materials that constitutes them as primary historical sources.

As the majority of these materials are recorded in trade publications and other practitioner-oriented literature, these materials have an advantage over other historical sources insofar as there is little problem determining authenticity and/or authorship (Deflem, 2007; Thies, 2002). While these materials are influenced by the attitudes and beliefs of the individuals involved in these events, it is exactly *how* these crises of legitimacy were perceived and the response by those affected that is of concern to this project – regardless of how we view the accuracy of these perceptions. Therefore, this approach to these materials allows us to sidestep problems of authenticity and accuracy that can plague other sources of historical data.

I also rely to a great extent on secondary historical sources, including books, journal and magazine articles that have considered the historical issues pertinent to this study. This is especially true of the first historical section of the study (Chapter Three). As there already exists an extensive body of research on the history of U.S. public relations up until the 1970s, it would be redundant – and in some cases physically impossible – to re-explore the same sources and materials used in these histories. Certainly Skocpol recognizes this necessity, observing, "If a topic is too big for purely primary research – and if excellent studies by specialists are already available in some profusion – secondary sources are appropriate as the basic source of evidence for a given study" (1984b, 382). That being said, in line with the methodological requirements of Historical Sociology, these sources, wherever possible, were checked for accuracy by locating the original documents and verifying the veracity of the secondary source's claims (Deflem, 1997; Skocpol, 1984b). As was stated earlier, it should be understood that many documents that are seemingly of a secondary nature were in fact written by practitioners or leaders within the field of corporate public relations or CSR. They thereby provide valuable first-hand accounts of the development of CSR and PR, even if they are coloured by the particular interpretation of the author.

Therefore, in keeping with the distinction between primary and secondary sources, I have divided the bibliography at the end of this study into three distinct sections, listing materials based on whether they were deemed primary, secondary, or other non-historical sources. Materials such as articles, essays, recorded statements; speeches or reports that were produced *at the time* of the specific historical period under investigation are classified as primary sources. Scholarly histories or other materials produced subsequent to the events under investigation are listed as secondary sources. All remaining materials of a non-historical nature or those not used to collect historical evidence are listed as "other sources."

Lastly, there is the problem of selection. Historical methods do not always lend themselves to random sampling or other means of ensuring against arbitrary selection biases. However, it is also true that any historical investigation is ultimately coloured by what the researcher deems historically significant and how he or she reconstructs historical problems from the residues of the past (Thies, 2002; Stedman-Jones, 1976). It is perhaps naïve then, to believe that it is possible to construct a value-free and completely objective account of history. That being said, while the narrative forms employed in historical accounts do require an element of "story-telling," they also must remain consistent with "the primary communicative task of reporting past actions and developments, which are 'discovered' in the surviving records and artifacts rather than artfully 'invented' in accordance with the dictates of aesthetic or ideological fashion" (Bryant, 2000, 493). Therefore, while this historical account is theoretically informed and is explicitly designed to be a counter-weight to the more conventional treatment of these issues, all attempts are made to evaluate contradictory evidence and to introduce qualification where appropriate. Ultimately, the historical account contained in this study must be evaluated on the basis of its "plausible congruence with the available empirical record" (Ibid, 493). I believe that the weight of the historical evidence presented in this study is both thorough and compelling enough to both substantiate the arguments put forward and validate the scholarly worth of this project.

Before proceeding, there are a still a few more methodological qualifications that need to be made in order to de-limit the parameters of this study. While I do offer conceptual definitions in the literature review that follows and I qualify the scope of my investigation in the introductory portions of the chapters, there are a few key qualifications that need to be emphasized at the outset. First is the extent of the definition of public relations that informs this study. Much of what is thought to constitute “corporate public relations” in the popular mind evokes the idea of “spin,” – massaging or exaggerating the truth to put the best shine on a product or firm. While contemporary public relations certainly continues this tradition, its modern practice encompasses a wide array of tactics that are more sophisticated and include much more than just persuasive communications. Accordingly, corporate social responsibility and environmental management programs, the promotion of ‘academic’ think-tanks and policy groups, the use of ‘manufactured’ grass-roots lobbying and ‘front groups,’ the formation of industry and trade associations, the gathering of corporate intelligence and even forms of espionage have all come to constitute the contemporary practice of corporate public relations (Rowell, 1996; Beder, 2002; Lubbers, 2002; Miller & Dinan, 2008). As Miller and Dinan observe, corporations do not see these activities as “separate from their ‘proper’ public relations practice and nor should we” (2008, 4). Thus, because this study is also concerned with corporate power we must be cognizant of all the myriad ways corporations conceive of public relations and CSR as part of the protection of this power.

One further distinction of corporate public relations must also be made. Throughout this study, corporate public relations refers not only to practices of the commercial PR consultancies that in some respects are part of multi-national corporations in their own right – such as Burson Marsteller, Edelman Worldwide, Ketchum Communications and Hill & Knowlton – but also the “in-house” public relations departments within most multi-national firms. Indeed, almost every sizeable firm has their own in-house PR capacity, dealing with crisis and issues management, investors’ relations, government affairs and community relations (Grimshaw, 2007, 34). However, these internal departments may be augmented by the hiring of an external consultancy – particularly for larger campaigns or in areas outside the expertise of the internal department (Ibid, 35). In identifying the various public relations and CSR campaigns throughout the study, it will be made explicit where appropriate whether these were directed by external consultancies, the firm in question, or in concert with each other.

Finally, this study attempts to document the use of public relations and CSR during periods of major public disillusionment with corporate power and in some cases, the capitalist economic system itself. The identification of these crises relies to great extent on the assessments of corporate leaders and business commentators themselves. As will become clear, the periods of crisis outlined in this study were thought by many business leaders to be moments of such increased popular challenge and declining corporate influence that they warranted a concerted response by broad sectors of the corporate community. To paraphrase Claus Offe, these periods of crisis are moments when “bourgeois consciousness is everywhere engaged in doomsday ruminations over its own fate” (1984, 65). While these assessments will be supplemented by polling data and evidence of popular agitation designed to constrain the power of the corporation, it should be emphasized that the selection of these periodic crises are based primarily on the judgment and actions of business leaders themselves.

However, the identification of these periodic crises of legitimacy should not suggest that the deployment of public relations are an episodic phenomenon, trundled out only in times of corporate crisis. Rather, this history attempts to identify *only* those campaigns in which public relations and CSR were called upon to defend the legitimacy of the corporation as an institution and the integrity of the capitalist system as a whole by a broad constituency of corporate actors. Thus, this study is not ultimately concerned with PR or CSR efforts at the firm level designed to defend or aid the public image of an individual corporation, but with campaigns that demonstrated a concerted response on behalf of a broad segment of the corporate community to defend capitalist socio-economic relations and the position of power and privilege that the corporation enjoys within it.

Lastly, this study does not claim to represent the views of the corporate sector in its entirety. Corporate interests are not uniform and can and have come into conflict with each other (Himmelstein, 1990; Miliband, 1976; Useem, 1984). Indeed, factionalism and conflict within the international corporate community will be a key driver of CSR in the contemporary period. Therefore, while shorthand terms such as “business,” “corporations,” “corporate sector,” “industry,” or “business community” are employed throughout this study, it should be emphasized that this does not imply the homogeneity of interests and actions on behalf of business. Rather the assertions put forward in what follows should apply only to those particular corporations or associations of business so identified. In this sense it is useful to recall Ralph Miliband’s *caveat* that “classes, as entities, do not enter into conflict – only elements of it do, though it is the case that very large parts of contending classes are on rare occasions directly drawn into battle. For the most part, however, the conflict is fought out between groups of people who are part of a given class, and possibly, though not certainly, representative of it" (1977, 28). With these qualifications in mind, we can now proceed to the literature review, wherein three bodies of scholarship integral to the content of this study will be explored.

Chapter Two

Public Relations History, Corporate Social Responsibility and Sustainable Development: A Review of the Literature

The following literature review considers three bodies of scholarship integral to the arguments put forward in this study. In this section, I will identify the main concepts and outline the key arguments and lines of debate within each corpus with an emphasis on those texts deemed most relevant to my line of argument. In the following I consider some of the central arguments related to public relations history, corporate social responsibility and sustainable development and how they interrelate. While I will have cause to more fully develop the inter-relations between these bodies of knowledge in subsequent chapters, it should merely be noted at this point that there are definite affinities between these three areas of scholarship. With this in mind, we can proceed to an overview of the scholarly literature that focuses on the history of public relations.

Public Relations History

Public relations (PR) and democracy have been intimately related, both historically and conceptually, within most of the academic literature on the subject. Contemporary accounts of public relations practice characterize PR as essential both to "good citizenship and the functioning of democratic institutions" (L'Etang, 1996, 96). Many public relations scholars present PR in the idealized role of vital facilitator of dialogue and information within the democratic public sphere. Most famously, Grunig and Hunt espouse their "two-way symmetric" model of "balanced" PR that brings institutions and publics into "harmonious adjustment" in order to help the institution become a "servant of the people" (1984, 42-43). Pimlott describes PR as "essential to American democracy" as it "bridges the millions of citizens with the thousands in business," giving people the valuable information they need to conduct their lives (Cited in Duffy, 2000).

As both Duffy (2000) and L'Etang (1996) argue, the more conventional literature tends to portray PR as ensuring harmony and consensus within an essentially idealized pluralist society. However such views tend to neglect the substantial differentials in power and resources within contemporary society and seem to conceal the essentially persuasive function of public relations as it has been historically practiced. As German argues:

> Public relations messages reflect the interests of the dominant powers, which in our society are entrenched political and financial (economic) interests. The goal of PR is most often the protection of that power base, and in that end it may take the form of image manipulation, crisis management, political influence or financial gain. Whatever the means, the goal remains relatively constant. PR messages are grounded in the economic values of the corporation (1995, 293).

Indeed, despite the avowals of public relations theorists that PR is about facilitating mutual dialogue and understanding, public relations is essentially about persuasion. Steinberg describes the public relations function succinctly as the "creation, or engineering of consent …a favorable and positive climate of opinion toward the individual, product, institution or idea which is represented" (Cited in Gandy, 1992, 134). Gandy further argues that public relations' "primary role is one of purposeful, self-interested communication" (Ibid, 134). Indeed, while public relations scholars may downplay the persuasive function of public relations practice, it is sometimes openly acknowledged in the practitioner literature. As one "how-to" manual observes:

> If you're a PR consultant you're in the persuasion business. By definition that means that your primary goal in life is to change the attitudes and subsequent behaviour of others to those viewpoints of your own (or your clients) (Bell, 1991, 24).

While modern public relations may involve efforts to better "understand" certain target publics, this apparent concern should be viewed as essentially instrumental as "greater knowledge of publics facilitates the more efficient segmentation of those publics for the delivery of targeted communications to them" (Gandy, 1992, 134). However, to limit our conception of public relations solely to strategic communications is to neglect the wide array of tactics and strategies that have come to constitute the practice of modern public relations. Indeed, corporate social responsibility and sustainable development programs, the promotion of 'academic' think-tanks and policy groups, the use of 'manufactured' grass-roots lobbying and 'front groups,' the formation of industry and trade associations, the gathering of corporate intelligence and even forms of espionage have all come to constitute the contemporary practice of corporate public relations (Rowell, 1996; Beder, 2002; Lubbers, 2002; Miller& Dinan, 2008). As Miller and Dinan observe, corporations do not see these activities as "separate from their 'proper' public relations practice and nor should we" (2008, 4). From the above, we can see that the influence of public relations practice on the exercise of democracy encompasses much more than the manufacture of persuasive messages.

Yet, despite these criticisms, the notion of public relations as guarantor of the democratic public sphere also suffuses the more conventional histories of public relations. The singular narrative that pervades these histories tends to be one of the progression of public relations from an "infancy" of crude manipulation to "maturity" as the ethical facilitator of democratic dialogue. Indeed, many conventional treatments divide the history of public relations into stages or periods, each moving progressively towards a more ethical and democratic ideal. James Grunig and Todd Hunt's influential history is emblematic of this approach and has been emulated in other conventional PR histories (Duffy, 2000; Hoy, Raaz & Wehmeier, 2007). Grunig and Hunt chart the evolution of PR through four distinct stages; first is 'press-agentry,' typified by the brash publicity seeking of P.T. Barnum. The second is 'public information,' which purportedly presents accurate information to the public but has yet to apply scientific methods of audience measurement. The third, termed two-way asymmetric, emphasizes social scientific methods of persuasion through audience research but has yet to engage the public in a 'dialogue.' The final, or fourth stage, is the 'two-way symmetric model' discussed above, which emphasizes two-way democratic communication for mutual understanding (Grunig & Hunt, 1984, 40-43). Attendant to this evolutionary narrative is the idea that corporations, in concert with public relations, or perhaps *due* to public relations, have also historically become more and more socially and ethically responsible. Indeed, some PR scholars view the emergence of CSR as the effective realization of a truly ethical and democratic public relations practice (See Baskin, Aronoff & Lattimore, 1997; Grunig & Hunt, 1984; Cutlip, 1994; Heath, 1998; Deegan, 2001). Duffy, who deems this the “escalator theory” of PR history, argues that this historical narrative conceals more than it reveals:

> In the historical treatments, unethical activities of public relations pioneers are downplayed, portrayed as unfortunate, or characterized as a more primitive proto-public relations…By the portrayal of benign, humane and ever-improving public relations activities, businesses are insulated from criticism of their attempts to influence consumers, public issues, and democratic discussion. Moreover, the worldview expressed in the histories of constant improvement and mutual understanding disguises power inequities and encourages acceptance of the status quo (2000, 300).

Duffy and others consider the escalator theory of public relations the consensus view within most conventional histories of public relations (Duffy, 2000; Hoy, Raaz & Wehmeier, 2007). However, despite this consensus, there nonetheless exist a few key treatments of public relations history that refuse to endorse the escalator theory. The most pointed critiques of this dominant view are best embodied in the diverse works of Tedlow, Olasky, Ewen and Carey. I will consider each one in turn.

Richard Tedlow’s (1979) *Keeping the Corporate Image* was one of the first study’s to reject the notion that public relations practice was a historic progression towards a more democratic ideal. Tedlow argues that public relations’ key contribution to American business was its ability to protect against “the political consequences of a hostile public opinion” (1979, 196). According to Tedlow, public relations has become institutionalized within the corporate form due to the evolution of the management function as corporations were forced to confront increasing consolidation, rationalization and the need for expansion into new markets (Pearson, 1992; Duffy, 2000). Public relations became a necessity in order to promote a stable environment and respond to crisis as the growth and expansion of corporate power moved the corporation into essentially uncharted territory (Tedlow, 1979, 198). However, despite Tedlow’s recognition of public relations’ manipulative and persuasive function, he too succumbs to the conventional view of public relations in that he concludes that the reliance of corporate leaders on persuasion rather than coercion as a mode of social control is actually indicative of the health of “American democracy” (Ibid, 209).

Conservative PR historian Marvin Olasky (1987) also dismisses the idea that both public relations and corporate interests are progressing towards more democratic and socially responsible behaviour. For Olasky, public relations work simply serves the narrow self-interest of corporations and government through the manipulation of the public to accept increasing regulation, consolidation and the eventual dissolution of a genuine free market in favour of socialism (1987, 2). While I believe Olasky has mistakenly conflated the advent of monopoly capitalism for some form of corporatist-led "socialism," he does offer one key insight despite my general disagreement with his conclusions. Specifically, Olasky's emphasis on the philosophy of public relations that deems the 'mass' incapable of rational thought and particularly amenable to persuasion is a tendency that runs from the early pioneers of PR like LeBon, Lippmann and Bernays to certain contemporary PR practitioners (Ewen, 1996; Chomsky, 1996; Beder, 2002; Rampton & Stauber, 2002).

Stewart Ewen (1996) and Alex Carey (1995) both completely reject the argument that public relations is a constituent part of the democratic project and argue in total opposition to the dominant view that the primary purpose of public relations has been the protection of corporate power *from* democracy. Carey presents a sustained, historical critique of corporate public relations in Western liberal democracies as a means to undercut potential threats to corporate interests through the popular exercise of democracy. Carey views the initial rise of public relations in the United States as a response by the business classes to the extension of the democratic franchise between 1880 and 1920 (Miller & Dinan, 2003,193). Carey (1995) argues that with the extension of the franchise and the increasing inability of capital to exercise coercive power, either on its own or through the auspices of the state, American business came to rely on the nascent public relations industry in order to manipulate public opinion to coincide with corporate interests. Carey illustrates how corporations have historically deployed PR in order to promote the free enterprise system in times of crisis by equating democratic controls on corporate power, such as taxation, regulation or trade union power, with totalitarianism and tyranny. Moreover, Carey documents how the export of these techniques to other liberal democracies in the 1970s paved the way for the neoliberal turn in the early 1980s.

Similarly, Stewart Ewen argues that corporate PR has been reactive to situations when "public hostility forced them to filter their practices to present themselves as operating in the public good" (Ewen, cited in Swift, 1999, 16). Ewen (1996) identifies the historical periods in the United States of mass public distrust with corporate practices and catalogues the PR response to thwart the imposition of government measures that might constrain the free exercise of corporate power. Carey and Ewen's work correspond closely with many treatments of American corporate history that emphasize the persistent concern that mass democracy might curtail corporate operations and even undermine the free-enterprise system itself (Galambos, 1975; Silk & Vogel, 1976; Mitchell, 1989; Bakan, 2004; Nace, 2005). However, while these histories recognize the periodic legitimation crises facing American capital, they rarely consider in any detail the role of public relations in defending this legitimacy (Tedlow, 1979, 202-203; See Fones-Wolf, 1994, for an exception). Carey and Ewen's work is a useful corrective to this oversight. Furthermore, its attention to relations of power and the historical conditions that gave rise to the public relations industry make their work a much more realistic appraisal of PR practice than the more idealist and pluralist approaches described above. However, as was stated in the introduction, while these histories offer a more critical perspective on public relations practice, none of them consider the historical relationship of public relations to corporate social responsibility.

As we can see, arguments regarding the social responsibility of corporations and the history of public relations are intimately linked. Indeed, many commentators point out that the current explosion of corporate social responsibility (CSR) discourse has been driven by public relations firms; most of whom already have dedicated CSR departments in-house and play a key role in designing and promoting companies' CSR practices (L'Etang, 1996; Klein, 2000; Miller & Dinan, 2003; Corporate Watch, 2006). In what follows, I will investigate the concept of CSR, the political and economic drivers that have led to its phenomenal growth, and the major arguments of both its proponents and its detractors.

Corporate Social Responsibility

Business claims to social responsibility are certainly not new. Jennifer Zerk observes that, "moral issues arising from commercial activities have occupied philosophers, writers, religious leaders, and law-makers for centuries, if not millennia"

(2006, 15). Moreover, philanthropic and community-building efforts by American industrialists such as Ford and Carnegie, among others, in the early stages of industrial capitalism in the United States are well known and much celebrated (Utting, 2000a, 3; Micklethwait & Wooldridge, 2003, 75-76). However, despite these periodic concerns regarding the social responsibility of business throughout the last century, most scholars would concede that CSR as a movement and as a veritable industry in its own right is generally regarded as a rather recent phenomenon, popularized in the early to mid-1990s (Sims, 2003; Rowe, 2005a; Blowfield & Frynas, 2005; Lock, 2006; Zerk, 2006). Indeed, the growth of CSR in recent years can be gauged by the proliferation of journals, consultancies, non-profit organizations, public relations departments and business school programs dedicated to CSR advocacy (Hamilton, 2003; Sims, 2003; Zerk, 2006). Attendant to this is the growth of CSR reporting and auditing by multinational corporations and the rise of Socially Responsible Investment (SRI) which has created a new market for systems whereby "the CSR-related performance of different companies can be measured and ranked" (Zerk, 2006, 24). Furthermore, while CSR may have its historical origins in the American experience, it is not peculiar to the United States, but a genuinely global phenomenon, gaining momentum throughout the industrialized world, with companies in the United Kingdom, Canada and Japan being particularly strong proponents (Sims, 2003, 4).

Despite this explosion of CSR discourse, most scholars would agree that the term is ill-defined and thereby notoriously fluid, enabling the concept to encompass a litany of corporate practices from philanthropy to environmental sustainability (Blowfield & Frynas, 2005; Whitehouse, 2005; Zerk, 2006; Lock, 2006). The confusion over what constitutes CSR is further compounded by the emergence of similar terms – corporate citizenship, triple bottom line accounting, corporate sustainability, and natural capitalism – which cover the same or similar territory as CSR (Zerk, 2006, 32). Nevertheless, despite the conceptual confusion there are certain lines of commonality between the competing definitions that can allow us to formulate an overarching, if broad, definition of the concept.

Most definitions of CSR stress the need for corporations to adhere to ethical practices that *may* go above and beyond the legal requirements of the host nation within which it operates. Thus, Business for Social Responsibility, a nonprofit organization funded by business to promote socially responsible practices, characterizes CSR as "operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business" (Cited in Sims, 2003, 2). However, concomitant to this is the notion that CSR must remain voluntary. As Rowe observes, what makes CSR initiatives 'socially responsible' is that "they are *not* mandated by governmental or intergovernmental institutions – they are voluntarily pursued" (2005b, 3).[7] Thus one oft-cited definition of CSR describes it as a concept "whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (European Commission, 2001, n.p). The underlying philosophy of the voluntary approach is that the traditional state-led "command and control" regulatory apparatus of the past needs to be jettisoned in favour of a more market based approach that offers greater flexibility for corporations to pursue innovation in their business practices (Utting, 2000a; McInerney, 2005; Zerk, 2006). Indeed the preference for self-regulation is best exemplified in the proliferation of "voluntary codes of corporate conduct," or what Rowe deems "the most celebrated mechanism in the CSR toolkit" (2005b, 3). The Organization for Economic Cooperation and Development (OECD) defines codes of conduct as "commitments voluntarily made by companies, associations, or other entities, which put forth standards and principles for the conduct of business activities in the marketplace" (Cited in Ibid, 3). Although these codes are not in anyway legally binding or enforceable, they have become perhaps the preferred means by corporations to demonstrate their commitment to social responsibility (Utting, 200a; Rowe, 2005b; Lock 2006).

Despite these lines of commonality, the above parameters still allow for a diverse set of practices to fall under the rubric of 'CSR.' It may, therefore, be useful to follow Blowfield and Frynas who consider CSR an 'umbrella term' for a variety of theories and practices all of which recognize the following:

> (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals;

[7] However, the distinction between corporations' voluntary and mandatory action can occasionally be blurred, especially in the developing world where it sometimes may be the rule rather than the exception that companies do *not* comply with existing legal frameworks (Preito-Carron et al, 2006, 978; Zerk, 2006, 30-31).

> (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains); and that (c) business needs to manage its relationship with wider society, whether for reasons of commercial viability, or to add value to society (2005, 503).

In the interest of even greater clarity, CSR endeavors to induce corporations to recognize that their operations impose costs on society that are not normally factored into business calculations. CSR attempts to recognize these "negative externalities" of corporate operations and to incorporate their impact on communities, workers and/or the environment into firm decision-making (Jones, 1996; Hamilton, 2003; Coors & Winegarden, 2005). For example, corporations, through CSR, would come to recognize the environmental impact of their operations, such as pollution releases, and attempt to diminish or eliminate the negative effects this might have on a community.

Beyond the negative impact that corporations may cause, CSR also emphasizes the "positive externalities" that can result from corporate operations. CSR attempts to stress the possible positive spillovers that corporations can produce, such as increases in education, health outcomes, and community development, and thereby lead firms to intentionally produce more of these positive outcomes (Hamilton, 2003, 3). Thus a corporation might build health clinics, provide educational materials, or assist in water treatment in the communities in which they operate.

Lastly, CSR emphasizes positive relationships between corporations and their stakeholders. Stakeholders are defined as "any group or individual who can affect or is affected by the achievement of an organization's purpose" (Bendell, 2000, 16). These can include community groups, trade unions, indigenous peoples, development agencies, or non-governmental organizations, essentially any individual or group that has a "stake" in the operations of the corporation. The goal is to identify these constituencies and build a sense of "shared values" with key stakeholders in order to gain credibility and legitimacy for corporate operations in local communities, and indeed, in the eyes of the wider public. The strategic value of this engagement can be quite explicit. As one CSR manual observes:

> Without committing any resources, becoming aware of stakeholders and their significance will benefit future business planning. Increasingly, many firms are using stakeholder engagement as part of a strategic process: as "radar" for

> identifying emerging issues, risks and opportunities; for expanding networks; for testing communications approaches; and for building brand and trust (Hohen, 2007, 80).

Thus, active CSR programs can serve as a barometer to identify potential risks and threats to corporate operations prior to their emergence, offering the ability to manage and pre-empt possible challenges to corporate imperatives. Thus, CSR purports to transcend the sole focus on shareholder value to include a broader section of society that is affected by a corporation's actions. CSR is premised on the idea that corporations need to be judged beyond mere economic performance, but also on how they respond to their wider responsibilities to the environment, local communities and to society as a whole.

As was stated at the outset, concern over the responsibilities of business to society is not a new phenomenon; it can be traced back to the earliest forms of commercial activity. However the current manifestation of CSR is peculiarly linked to the changing political economy under neoliberal globalization. While I will more fully elucidate these elements in subsequent sections, a brief overview of the economic and political drivers behind the emergence of CSR is necessary in order to comprehend why CSR has become the preferred response to questions regarding corporate legitimacy in the current conjuncture.

While there are varying opinions on what forces gave rise to the CSR movement in the 1990s, most scholars are in agreement that the emerging power of civil society groups and consumer activism to highlight corporate abuses and launch national and international campaigns has been an integral factor in the growth of CSR in the last two decades (Utting, 2000a; Sims, 2003; Zerk, 2005; Rowe, 2005a; Lock, 2006). As Utting argues, this reflects "not only the quantitative growth of civil society organizations around the world, but also the communications revolution associated with the internet and institutional developments involving improved networking of civil society organizations" (2000, 22).

High profile revelations of human rights, labour and environmental abuses by major corporations such as Nike, Royal Dutch Shell, The Gap, Unocal and Rio Tinto to name but a few during the 1990s forced corporations onto the defensive as they tried to rescue their reputations from a wave of anti-corporate activism and the prospect of renewed government regulation following in its wake (Utting, 2000; Klein, 2000; Rowe, 2005a; Corporate Watch, 2006; Bakan, 2006). Attendant to these firm-specific incidents was the increasing distrust and suspicion of corporations in general due to the growing concentration of corporate power owing to free trade initiatives and investors-rights agreements. This anger would be most visibly displayed to western audiences during the 1999 World Trade Organization (WTO) meetings in Seattle, where the global justice movement successfully shut-down the talks, followed by similar disruptions in Genoa, Prague and Quebec City in the following years (Klein, 2002; Bakan, 2004).[8]

Further eroding the public's trust in corporations were the spectacular accounting frauds perpetrated by Enron, Worldcom, and Tyco, which affected a vast swathe of middle-class Americans not usually disposed to criticism of the corporate system (Rowe, 2005a; Deutsch, 2005). The result of all this has been a deepening popular distrust of corporations, with renewed calls from within the business community itself to re-establish its legitimacy in the eyes of an ever-skeptical public (Luaszewski 2002; Swanson, 2003; Argenti, 2003; Deutsch, 2005; Conference Board of Canada 2005; Nace, 2005).

Neoliberal globalization of the economy is integral to understanding why corporate behaviour drew so much public ire during this period. With the advent of globalization and the reduction or elimination of tariffs and non-tariff barriers, coupled with the power of multi-lateral trade agreements, governments have been increasingly reticent to impose costs on MNCs through taxation or stringent regulatory frameworks for fear it will discourage investment and competitiveness (Harvey, 2005; Soederberg, 2006; Zerk, 2006). This has resulted in the withdrawal of the state from key areas of responsibility, such as social welfare provisions and regulatory restrictions, usually experienced through privatization and deregulation. What has emerged is a "public policy vacuum," especially in the coordination of economic growth as capital becomes increasingly mobile, whereas national regulatory powers are increasingly relaxed (Bateman, 2003, 5-6; Lock, 2006, 119; Wells, 2007, 52).

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[8] It should be noted that similar demonstrations took place around the world even prior to Seattle; the largest in Hyderabad, a year before the Seattle demonstrations, attracted hundreds of thousands of protesters (Nace, 2005, 200).

This "policy vacuum" has had a two-fold affect. Firstly, it has diminished the legitimizing capability of the state vis-à-vis its domestic corporations. As Cheryl Rodgers notes, "traditional forms of legitimation for corporate behaviour have been derived from the state machineries of regulation, legislation and the government's role as representative of public opinion" (2000, 43). As the legitimation function of the state is diminished, public attention becomes increasingly fixated on the responsibility of the corporation *itself* to address its societal impact. In effect, corporations have lost their "legitimizing intermediary" with the retreat of the nation state from certain areas of regulatory policy. Indeed, the insistence by particular activists to bypass the state altogether in favour of direct action against corporations is evidence of the perception that national governments are either unable or unwilling to circumscribe corporate power (Klein, 2000, 338-340; Bakan, 2005, 150-151) George Monbiot goes as far to state that globalization is giving rise "to a new political struggle, not between states and multinationals or, necessarily between North and South, but between people and corporations" (Cited in Zerk, 2006, 23).

Secondly, corporations have increasingly moved to fill this policy vacuum through the creation of codes of conduct and other forms of voluntary initiatives as a substitute for national or international regulation. These projects run the gamut of ethical business concerns, from the environment to labour standards. Examples include the Chemical Industry Responsible Care Program, the Apparel Industry Partnership, ISO 14000, Forestry and Marine Stewardship Councils and the Ethical Trading Initiative (Blowfield & Frynas, 2005; Marsden, 2000; Wells, 2007). The size and the societal impact of these corporate-led initiatives have compelled them to assume an almost quasi-governmental function in the absence of any state led system of regulation. However, as was stated earlier, corporations do not enjoy a high degree of confidence by the public at large. Corporations' setting their own voluntary standards and codes of conduct inevitably raises suspicions that this is merely self-serving behaviour (Richter, 2002). Therefore it is increasingly necessary for corporations to legitimize this usurpation of responsibilities traditionally associated with the nation state. Without the legitimacy formerly provided by government regulation, corporations are forced to seek legitimacy through other extra-state actors and agencies. The emphasis on stakeholder relationships in CSR allows corporations to generate the needed legitimacy for what Cutler *et al* deem these new “regimes of private authority” (1999, 3-5). CSR, through strategic stakeholder partnerships, is seen as an efficacious way of creating legitimacy for both corporate activities in general and these new forms of corporate-led regulation.

One of the more powerful stakeholder groups in regards to conferring legitimacy are NGOs. Simon Zadek notes that NGOs have built a wealth of trust with the public by projecting a sense of non-financial purpose, and a commitment to representing the best interests of the wider community (2001, 47). CSR seeks to build partnerships between corporations and NGOs as a way of gaining “lent trust.” Essentially, CSR advocates the use of strategic partnerships with NGOs as a way of transferring the legitimacy of the NGO on to the corporation. Thus, a timber company in partnership with a well-trusted environmental NGO would be seen to be less of a danger to the sustainability of forests. Similarly, NGO participation in corporate-led regulation, such as monitoring labour standards, is seen to confer a legitimacy and an impartiality that simply could not be generated by corporations alone.[9]

Neoliberal-led globalization has fundamentally altered the terrain upon which both governments and corporations operate. While the liberalization of trade has opened up new vistas for corporate expansion, globalization has at the same time made the corporation more vulnerable due to increased monitoring by civil society groups and the loss of legitimacy conferred by the nation state. CSR has come to be recognized as a key corporate strategy in resolving these dilemmas.

This picture of CSR would be incomplete if described solely as a defensive strategy adopted by corporations to negotiate the political and economic vagaries of the global economy. Advocates of CSR also proclaim its immense positive financial and performance benefits under a loose set of arguments usually defined as the “business case for CSR.” The business case for CSR hinges on the belief that the adoption of socially responsible business practices is not merely a self-imposed cost to doing business through the internalization of negative externalities in the business calculus. Rather, CSR emphasizes benefits to productivity and profitability through its promotion. The business

[9] Some advocates of CSR view these partnerships as constituting a new form of future cooperative regulatory arrangement between civil society and the private sector, bypassing the state altogether. (See Zadek, 2001, 10; Also Bendell, 2000, 247).

case highlights numerous potential benefits such as strengthening revenues, attraction and retention of skilled and talented employees, reduction of costs, improved corporate reputation, better risk management and improved relations with governments (Bateman, 2003; Sims, 2003; Utting, 2000a).[10] In what follows I will briefly outline these arguments and then consider the two most prominent critiques of CSR.

Advocates of CSR claim that socially responsible business practices can actually strengthen the bottom line, and should not be characterized as only an added cost to doing business. The evidence that CSR contributes to profitability is mixed. As Sims notes, while there is a large body of literature that purports to show a positive correlation between CSR and improved financial performance, other studies suggest no relation and some point to a negative relation (Sims, 2003; Laffer, Coors & Winegarden, 2005). Indeed, part of the difficulty in determining the impact of CSR on financial performance stems from "the possibility that the casual relationship could be either reversed or spurious" (Ibid, 35). As Bateman observes in cases where financial performance and CSR are positively linked:

> [B]oth directions of causality are statistically significant and positive. In other words, at this point it is not clear whether successful businesses have good social performance, or whether good social performance produces financial success, but there is a strong correlation (2003, 11).

Despite this ambiguity, there are other positive benefits attributed to CSR that are more empirically founded. Employee attraction and retention due to CSR appears to be one such case.

Human resources can also be positively affected by CSR. *Ethical Corporation Magazine* notes that the reputation of a company as a good corporate citizen affects its attractiveness as a prospective employer. A 1997 Walker Information Survey revealed that 42 percent of respondents took into account a company's ethics when deciding whether to accept a job (Roberts, Keeble & Brown, 2002). As Roger Cowe argues, while few job applicants would have raised questions about a company's environmental and social responsibilities in the 1980's, now "most companies expect such questions, and

[10] Bateman cautions that while many studies make a persuasive business case for CSR, one should be wary of a research bias. Many of the studies "are exercises in advocacy research and concentrate on the success stories and say little or nothing about counter-examples" (2003, 9).

know they need adequate answers if they are to recruit the best graduates" (2002, 36). In addition, employees who work for companies with a commitment to CSR tend to express greater job satisfaction and job loyalty (Sims, 2003, 39). Thus, the optics of ethical behaviour can enable the recruitment and retention of the best talent.

Greater job satisfaction and loyalty can also translate into cost savings and increased revenues for business through increased productivity and lower rates of absenteeism. A study by the Sears Corporation found that a "5-point increase in employee attitudes led to a 1.3 point increase in customer satisfaction, which translated into a 0.5 percent increase in sales" (Ibid, 40). Cost savings are also thought to be had through environmental initiatives that may reduce material use, create greater energy efficiency and enhance resource productivity through recycling (Ibid, 41; Roberts *et al*, 2002).

Perhaps the greatest benefit of CSR is enhanced reputation, as there are numerous advantages that are said to derive from the maintenance of a responsible corporate image. As Sims observes, reputation is arguably more vulnerable than ever given the heightened focus of the public on corporate behaviour. Therefore, preserving a good reputation is a priority for corporate managers (Sims, 2003, 36-37). A positive brand image may also improve customer loyalty and allow access to *niche* consumer markets such as fair trade, 'clean clothes,' green commerce and other purportedly ethical consumptive practices (Utting, 2000a; Bateman, 2003; Sims, 2003; Wells, 2004; Rogers, 2006). However, the most important aspect of a positive corporate image put forward through CSR practice appears to be the ability to better manage the potential risks to doing business. It is argued that CSR allows firms to build up a "stock of trust," which can be called upon should a scandal or conflict arise (Knight & Greenberg, 2002, 4). It is suggested that companies that have accumulated a wealth of trust through a strong record of social responsibility can rebound more quickly in the face of negative publicity (Bateman, 2003, 1; Sims, 2003, 42).

CSR is also thought to mitigate the threat of potential government regulation while minimizing the enforcement of existing regulations. According to Utting, one of the main drivers inducing firms to respond to environmental and social issues is government regulation or the threat of regulation (2000a, 22). A company or industry seen as engaging in responsible business practice is thought to be less likely a target of government regulators. Indeed the International Chamber of Commerce (ICC) identifies this reality in its promotion of CSR, noting "responsible business conduct may place companies in a more favourable legal and political environment" (Miller, 2002, 10). CSR thereby contributes to a firm's "license to operate," by communicating good business practices to undercut political pressure to intervene and impose costs on the operations of the corporation (Roberts et al, 2002). Furthermore, a record of social responsibility may minimize penalties for those firms found guilty of non-compliance with government regulation. Sims observes that certain U.S. regulatory agencies provide more lenient treatment for socially responsible companies. The U.S. Sentencing Commission's organizational sentencing guidelines stipulate that firms with ethics and compliance systems in place are eligible for reduced fines. Similarly, the Environmental Protection Agency (EPA) guidelines allow for non-prosecution or reduced fines for firms that have cooperated with EPA investigators and have compliance systems in place (2003, 43). Sims further argues that a reputation for social responsibility may result in less regulatory oversight and expedited permitting for those firms seen to be capable of self-regulation (Ibid, 43).

Lastly, although not always explicitly acknowledged, CSR can improve relations with governments in other respects. There is evidence that firms seek to leverage their social responsibility efforts for political advantage. Business executives say that a good record of CSR can help in a variety of ways, such as enhancing the credibility of a lobbying message, gaining access to politicians, or improving the chances for securing specific political objectives or government contracts (Bateman, 2003; Sims, 2003b). According to Sims' survey of *Fortune* 500 companies, almost one in five (19 percent) government affairs managers stated that their philanthropic, environmental, employee or community efforts have helped the firm gain favourable regulatory treatment or avoid additional regulation. One in ten reported that CSR efforts helped their company obtain a specific political benefit such as legislative support from a particular official, a government contract, or a tax break. Finally, seven in ten say their CSR efforts have improved the firm's relationships with other actors in the political process, such as consumer advocacy, environmental or labour groups (2003b, 18). Thus a responsible corporate image may assist a company's political fortunes as much as its economic fortunes.

While the business case for CSR tends to be dominant in most mainstream discussions, many scholars point to at least two major critiques of CSR, one emanating from the political right, which tends to advocate the status-quo or return to a pure *laissez faire* capitalism, and one from the political left - which can advocate for corporate legal reform, binding government regulation, through to fundamental systemic transformation (Bateman, 2003; Blowfield & Frynas, 2005; Clapp, 2005; Whitehouse, 2005; Lock, 2006; Zerk, 2006). Thus, as positions within these two broad critiques can diverge extensively, we should be careful not to view the following summaries as constituting a cohesive standpoint shared by all that may identify with these critiques of CSR.

The 'free market' or conservative critique of CSR is frequently summarized by invoking Milton Friedman's oft-quoted mantra, "the business of business is business" (Friedman, 1970). Essentially this position views the sole social responsibility of business as profit maximization. It regards any deviation from this goal as a fundamental market distortion that will end up doing more harm than good. Indeed some proponents of this critique view CSR as an attempt to subvert the objectives of the corporation and the market system itself (Wolf, 2001; Henderson, 2002). This view is also emblematic of Friedman's position on corporate social responsibility:

> Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible. This is a fundamentally subversive doctrine (Cited in Senser, 2007).[11]

While some conservative critics view CSR as an insidious attempt to undermine free enterprise, others see CSR as a mere 'cosmetic' bolt-on that, while lamentable, will not seriously undermine the profit-maximization function of the corporation or the free enterprise system (Crook, 2005). Either way, CSR is viewed by free market critics as having either a detrimental effect on society, or none whatsoever - neither a glowing endorsement of CSR.

[11] It should be noted that Friedman could tolerate the practice of CSR if it were insincere – that is, if it was used as "window-dressing" in order to maximize shareholder wealth rather than achieve some social goal (See Bakan, 2004, 34-35).

Essentially, the free market critique views the attempt to reconcile social and environmental goals with profit maximization as untenable. According to this line of argument, corporations cannot possibly optimize three objective functions simultaneously, especially when these functions come into conflict with one another (Bateman, 2003, 14). Indeed free market critics have marshaled their own research purporting to prove that companies that adopt CSR suffer a reduction in profitability and a loss of share price (Hayward, 2002; Laffer, Coors & Winegarden, 2005). This critique views the province of corporations as production and profit, with matters of social responsibility best left to governments, or more preferably to charitable organizations. Finally, proponents of the free market critique also view the assumption of regulatory functions by corporate-NGO partnerships as inherently undemocratic in which unaccountable power is shared between companies and their partners (Bateman, 2003, 15).[12]

Not unlike the free market critics, the left wing critique also views CSR as incompatible with the institutional function of the corporation. However, in contrast to the concern of free-market critics that CSR will undermine profitability, this critique is more concerned that the imperative of profitability will undermine the corporation's social responsibility. Perhaps the most common argument marshaled by this critique is the legal requirements of the corporation to maximize shareholder value and how these requirements conflict with the ability of the corporation to pursue socially responsible ends (Glasbeek, 2002; Hartmann, 2002; Kelly, 2003; Lock, 2006; Nace 2006). As Bakan observes, corporations in the United States and most other industrialized countries operate under the "best interest of the corporation" principle that compels corporate decision makers to always act in the best interest of its owners/shareholders.[13] According to Bakan:

> The law forbids any other motivation for their actions, whether to assist workers, improve the environment, or help consumers save money…As corporate officials, however, stewards of other people's money, they have no legal authority to pursue such goals as ends in themselves – only as means to serve the

[12] However, accusations of unaccountability and lack of transparency are leveled primarily at NGOs rather than corporations by free-market CSR critics. See the American Enterprise Institute's "NGO Watch" for a sample of this. www.ngowatch.org

[13] In Canada this requirement is known as "fiduciary duty" which holds that management has a duty to maximize returns on investment to stockholders (Lock, 2006, 124).

> corporation's own interests, which generally means to maximize the wealth of its shareholders (2004, 37).[14]

In a similar fashion, the concept of limited liability – the doctrine that investors cannot be held responsible beyond their own investments for debts or settlements against a company – also constrains the ability of the corporation to pursue social or environmental goals to the detriment of shareholders' interests. Corporate law professor Harry Glasbeek argues that limited liability provides an inducement for shareholders to invest precisely because:

> [T]hey can, for all practical purposes, disregard the way in which others might be harmed by the corporation's activities. The legal assumption is that those who invest in the for-profit corporation do not want their managers to be preoccupied by such constraints as they chase returns on the invested monies (2002, 204-205).

Unless there is a mass moral conversion amongst investors (both individual *and* institutional) to pursue social goals rather than financial gain, the prospects of the for-profit corporation becoming a vehicle of social or environmental justice would appear bleak (Glasbeek, 2002, 205; Hartmann, 2002, 167; Sklair, 2001, 155).[15] Indeed as legal scholar Kent Greenfield has commented, "corporate social responsibility in the eyes of U.S. law is an oxymoron" (Cited in Kelly, 2003, 127).

Thus, not unlike the free market critics, the argument from the political left also perceives a contradiction between the profit motive of the corporation and that of socially responsible behaviour. Many question the willingness or ability of corporations to undertake CSR practices in times of recession or other periods of economic turbulence where profit margins are thin (L'Etang, 1996; Lipschutz, 2005; Lock, 2006). Others question the very authenticity of stated corporate CSR practices, viewing these more as a public relations exercise designed to ward off interventionist governments and activist

[14] The most oft-cited legal decision that enshrined this concept is *Dodge v. Ford*, in which the presiding judge declared that "a business corporation is organized and carried on primarily for the profit of the stockholder"; it could not be run "for the merely incidental benefit of the shareholder and for the primary purpose of benefiting others" (Cited in Bakan, 2004, 36; Kelly, 2003, 52-53). Similarly, the Canadian Democracy and Corporate Accountability Commission (CDAC) notes that the "historic tendency in [Canadian] common law has been for courts to penalize those public corporations that favour social objectives over the maximization of returns for shareholders" (Cited in Lock, 2006, 124).

[15] Indeed attempts in the 1970s to convince majorities of shareholders to adopt public-interest proposals were soundly defeated. The most famous being the rejection of the Ralph Nader-inspired Campaign GM proposal by over 97% of General Motors' shareholders (See Wells, 2002, 116-117).

publics that could potentially threaten corporate profits (Mitchell, 1989; Roberts, 2003; Doane, 2005; Rowe, 2005a; Corporate Watch, 2006). Indeed there exists a wealth of anecdotal evidence, characteristic of this critique, that documents the disconnect between corporate rhetoric and the reality of corporate practices on the ground (Beder, 2002; Christian Aid, 2004; Corporate Watch, 2006; Rampton & Stauber, 1995; Utting, 2000a). Moreover, the potential for NGOs to legitimize these corporate practices through partnerships and stakeholder dialogues is also heavily criticized. The concern is that the inordinate disparities in power and resources between corporations and NGOs will result in "NGO capture," where supplicant and dependent NGOs provide ideological cover for industry practices that are not in the public interest (Hamann & Acutt, 2003; Prieto-Carron *et al*, 2006; Wells, 2007).

Lastly, there is a more theoretical aspect of this critique, partially influenced by Gramscian thought, that understands CSR as not only a defensive effort by corporate leaders to protect against threats to profitability, but also as a pro-active or pre-emptive measure designed to situate business in an intellectual leadership role to these issues so as to control and manage the terms of public debate (Lock, 2006, Shamir, 2005; Sklair, 2001). This body of literature views CSR as part of the dynamic maintenance of hegemony, where "dominant groups seek to secure their position by not only accommodating oppositional values, but also exercising moral, cultural, and intellectual leadership" (Utting, 2000a, 23). In this vein, CSR is thought to channel resistance to corporate power into reforms or adjustments that, while altering the hegemony, nevertheless leave its central tenets unchallenged.[16] Much of this literature points to the unquestioned assumptions implicit within CSR as evidence of this strategy. Indeed, some of the vital aspects of CSR - such as the legitimacy and desirability of the corporate form, reliance on private, unaccountable institutions to ensure the public interest, the equity and efficacy of free markets, and uncritical faith in productivism and technology – are rarely interrogated, despite the fact that they are foundational to the concept and practice of CSR (Smith, 1998; Charkiewicz, 2005; Lock, 2006; Enoch, 2007). Thus, this aspect of

[16] A concrete application of such a strategy can be witnessed in corporate intelligence and public relations "divide and conquer" tactics, which urges the co-option of moderate NGOs and activist groups while marginalizing and demonizing more radical elements. See Eveline Lubbers, "Corporate Intelligence." and Andy Rowell, "Dialogue: Divide and Conquer" in Lubbers, 2002.

the critique would argue that corporations, through CSR, are not only responding to threats to their power, but also ensuring that the threats that do arise can be managed and channeled into efforts that remain system-serving.

To conclude, despite the dominance of the business case for CSR in most mainstream discussion, the concept remains hotly contested within the academic and activist literature. This contestation can also be witnessed in the concept of sustainable development, an integral facet within the environmental claims of CSR proponents. In the discussion that follows I will identify its relationship to CSR and outline its own particular evolution into the primary legitimating environmental discourse for multi-national corporations.

Sustainable Development

The concept of "sustainable development" has evolved through the last few decades from a rather marginal concern to one of central importance in the current discourse on the environment as both industry and governments alike attempt to represent their actions as environmentally sustainable (Buell, 2003; Carruthers, 2005; Hajer, 1997; Huesemann, 2001; Sklair, 2002). Moreover, it has become intimately related with corporate social responsibility as industry recognizes the growing public concern over the environment and advances their own environmental initiatives as evidence of their social responsibility. Indeed, Ineke Lock argues that the concept of CSR is not only "interlinked with the discourse of sustainable development, but is often regarded as synonymous" (2006, 120). Like CSR, sustainable development has become an integral part of the legitimizing discourse of global business. Dryzek states that it has become "arguably the dominant global discourse of ecological concern," while Luke considers it "one of the world's most unquestioned environmental philosophies" (Cited in Johnston, 2006, 43). Despite its pervasiveness, the concept remains relatively ambiguous. This has allowed it to be appropriated by the proponents of various environmental approaches and practices (Davidson & Hatt, 2005). In effect, the phrase has become a useful catch-all, used to define a disparate array of practices and policies, as industry and governments attempt to trade on its benign environmental intent. In what follows, I will attempt to define the conventional usage of the concept while distinguishing those areas where the term has been ‘borrowed’ by other environmental theories and practices. However, before proceeding, it should be made explicit that I am mainly concerned with how *corporations* have appropriated the term of sustainable development, especially by its global representatives such as the World Business Council for Sustainable Development (WBCSD), and that despite the plurality of definitions and approaches to sustainable development within the academic literature; it is the business-driven definition that I am ultimately most concerned with.

In outlining the contemporary usage of sustainable development it is essential to recognize its profound transformation from its origins to its present day incarnation as a “pillar of contemporary universalism, embraced from the industrialized north, to the less-developed south, to the post-communist east” (Carruthers, 2005, 285). The concept was originally a somewhat marginal radical critique emanating from the Global South in response to the increasing visibility of ecological crisis in the 1970s. Attendant to this were the alarming revelations of inevitable resource scarcity and limits to economic growth predicted by the Club of Rome and *Global 2000* reports. These events, coupled with the growing skepticism over traditional development models, best exemplified by the critiques of the Dependency School, created pockets of concern within the less-developed world that Northern modes of development were inherently unsustainable and should not be emulated. (Carruthers, 2005; Davidson, 2005; Soederberg, 2006).

However, the concept remained on the margins until it garnered global recognition due to its place of prominence in the World Commission on Environment and Development’s (WCED) Brundtland Report published in 1987. Yet the radical critique of the original concept was noticeably absent from the definition of sustainable development that appeared in Brundtland. The report famously defined sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, 43). According to Carruthers, the Brundtland definition was purposively rendered conceptually ambiguous so as to “make it palatable to the widest possible audience” (2005, 289). Indeed, the definition has been routinely criticized for being so open-ended as to mean almost anything to almost anyone (Davidson & Hatt, 2005; O’Connor, 1994; Pezzoli, 1997). Nevertheless, the concept has taken on a more concrete definition through the international business community's efforts to appropriate the concept for their own use. Huesemann observes that within a few years of the publication of the Brundtland Report, international business began to define the term as a combination of continued economic growth and environmental protection (2003, 21). The ability of business to appropriate the term primarily depends on the weakness of ideas regarding resource scarcity or limits to growth in the original Brundtland definition:

> The concept of sustainable development does imply limits – not absolute limits but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effects of human activities. But technological and social organization can be both managed and improved to make way for a new era of economic growth (WCED, 1987, 8).

While the Brundtland Report did address the concept of limits, these were not finite, natural limits, but limits that could be gradually pushed further into the distance given the correct mixture of social management and technological innovation (Davidson, 2005, 7). However, if Brundtland was vague on the question of limits to growth, the concept as defined by business increasingly shed "any vestige of the discourse of scarcity and limits" (Carruthers, 2005, 290).

By the time of the Rio Earth Summit in 1992, sustainable development was codified within the Agenda 21 constitution as synonymous with a pro-growth economic strategy coupled with neoliberal policy instruments (Carruthers, 2005; Sklair, 2002).[17] Many environmental critics point to the inordinate influence of the International Chamber of Commerce (ICC) and the Business Council for Sustainable Development[18] (BCSD, now WBCSD), facilitated by Maurice Strong, the UNCED Secretary-General, for the pro-corporate tenor of the final policy (Bruno & Karliner, 2002; Foster, 2003; Rowe, 2005a; Sklair, 2001).[19] Indeed, Strong himself celebrated the role of the BCSD,

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[17] Principle 12 of the Rio Declaration declares: "States should cooperate to promote a supportive and open international economic system that would lead to economic growth and sustainable development in all countries, to better address the problems of environmental degradation." See http://www.un.org/documents/ga/conf151/aconf15126-1annex1.htm

[18] The WBCSD describes itself as "the leading business advocate on sustainable development." The WBCSD is a CEO-led, global association of some 190 companies dealing exclusively with business and sustainable development. See http://www.wbcsd.org

[19] The Business Council for Sustainable Development (BCSD) and the World Industry Council on the Environment (WICE) merged to create the WBCSD in January of 1995. See Lloyd Timberlake, "Catalyzing Change: A Short History of the WBCSD." Washington D.C: WBCSD, 2006.

proclaiming that "no contribution [to UNCED] has been more important than yours," further adding that, "the environment is not going to be saved by environmentalists. Environmentalists do not hold the levers of economic power" (Bruno, 1992, n.p). Whether or not one agrees with the purported undue influence of the international corporate community, one thing is certain, the final Rio definition of sustainable development had been entirely shorn of its original concerns over scarcity and limits to growth. As Carruthers observes, this was necessary in order to dissolve the tension between open-ended growth and the limits of a finite biosphere; "growth [had to be] redeemed as the savior, essential to the global environmental solution" (2005, 290).

Thus, while originally vague, the current concept of sustainable development does now possess a number of identifiable characteristics that can be enumerated. While the use of the term still remains somewhat subjective, most conventional definitions of the term would include the following three components: Sustained economic growth, liberalized markets/trade, and technological innovation, all usually presented as mutually enhancing (Castro, 2004; Carruthers, 2005; Stigson, 2000). I will now consider each one in turn.

Economic growth is considered an essential prerequisite to resolving environmental degradation within current conceptions of sustainable development. As the Brundtland Report warned:

> If large parts of the developing world are to avert economic, social and environmental catastrophes, it is essential that global economic growth be revitalized. In practical terms, this means more rapid economic growth in both industrial and developing countries, freer market access for the products of developing countries, lower interest rates, greater technological transfer, and significantly larger capital flows, both concessional and commercial. (WCED, 1987, 89)

According to the conventional wisdom, poverty is both a cause and effect of ecological crisis as the rural poor, "driven by necessity, over-cut, over-fish, deplete, degrade, or are displaced to destructive urban developments" (Carruthers, 2005, 290; WCED, 1987, 44).) The best means to address global poverty is to pursue continued economic growth so as to expand economic prosperity in order to "lift all boats." Once impoverished countries are on the path to sustainable growth, "an expanding economic pie will allow them to address a wide range of needs, including environmental protection and the elimination of poverty. Achieving sustainable growth in the South depends on accelerating economic growth in the North to spur demand for Southern exports and thus stimulate Southern economies" (Korten, 1996, n.p).

Concomitant to the priority of economic growth is the liberalization of markets to ensure such growth. In essence, free trade creates the wealth that enables environmental repair. Government restrictions on trade and investment need to be minimized or eliminated altogether in order to promote innovation and efficiency. Economic efficiency means better use of resources, which is environmentally advantageous. Increases in trade also increases overall economic growth, thereby producing the resources needed for environmental protection. In other words, the greater the volume of trade, the greater the benefit to the environment. (Castro, 2004; Carruthers, 2005; Korten, 1996). This relation between trade, growth and environmental protection is made explicit within *Agenda 21*:

> An open, multilateral trading system makes possible a more efficient allocation and use of resources and thereby contributes to an increase in production and incomes and to lessening demands on the environment. It thus provides additional resources needed for economic growth and development and improved environmental protection. A sound environment, on the other hand, provides the ecological and other resources needed to sustain growth and underpin a continuing expansion of trade (UNCED, 1993, n.p).

Moreover, markets not only need to be maintained, but also expanded into previously 'un-costed' environmental goods, generally referred to as "full cost pricing" (Schmidheiny, 1992; UNCED, 1992; UNED, 2002). For the WBCSD, imposing costs on environmental resources that are traditionally viewed as common property is an essential aspect of sustainable development: "The cornerstone of sustainable development is a system of open, competitive markets in which prices are made to reflect the costs of environmental as well as other resources" (Schmidheiny, 1992, 14).

As the WBCSD explains, traditional market mechanisms neglect the environmental costs, such as pollution, inherent within certain economic transactions (Schmidheiny, 1992, 15). These 'costs' are viewed as 'negative externalities,' and are not factored into the overall cost of doing business (Soderbaum, 2000, 10). More exactly, these costs are 'socialized,' as society, rather than the individual economic actor ultimately pays for declining quality in air, water, bio-diversity, etc. It is therefore necessary to 'internalize' these costs so as to send the necessary price signals to business and consumers in order to recognize the full economic and environmental cost of market exchanges:

> Possibly the most important factor in an effective pursuit of sustainable development is "getting the price right." Unless prices for raw materials and products properly reflect the social costs, and unless prices can be assigned to air, water and land resources that presently serve as cost-free receptacles for the waste products of society, resources will tend to be used inefficiently and environmental pollution will likely increase (Schmidheiny, 1992, 17).[20]

Practices such as the 'polluter-pays-principle,' emission trading schemes, 'green taxation' and carbon off-sets can be viewed as attempts to internalize some of the negative environmental costs of market transactions (See Stavins & Whitehead, 2005, 230-232). The logic underlying these various full-cost pricing strategies is to compel economic actors through the market to seek out efficiencies and develop new technologies that are less environmentally destructive in order to reduce their costs (Schmidheiny, 1992). While there are obvious problems inherent in 'pricing' essentially incommensurable environmental goods such as clean air or non-toxicity in soil (See Harvey, 1994, 152-156), advocates believe that attempts can and should be made if only to induce changes in economic behaviour and facilitate research and development into more efficient environmental technologies (Schmidheiny, 1992; Holliday, Schmidheiny & Watts, 2002).

The belief that technological innovation can offer suitable substitutes for scarce resources and minimize the ecological impact of industry is the third component in most conventional definitions of sustainable development (Carruthers, 2005; Huesemann, 2003; Schmidheiny, 1992). Thus Bjorn Stigson, president of the WBCSD argues that:

> [N]ew technologies will be a key contribution to sustainable development everywhere. Industry has the innovation and creativity to bring new technologies to the market, and is already engaged in large-sale technology transfer and cooperation with the developing countries. This is particularly important to help these nations 'leap frog' environmentally damaging manufacturing processes, develop the necessary skills, and introduce innovation into the marketplace (Stigson, 2000).

[20] These ideas are premised on Hardin's "Tragedy of the Commons" thesis which argued that unregulated access to common property would inevitably result in ecological exhaustion (Daly, 1980; Cox, 1985).

While Stigson is here concerned with technology transfer to the developing world, technological innovation is also seen as integral to the ability of Northern economies to maintain growth without causing undue environmental harm. Here it is necessary to make a distinction between theories of sustainable development and ecological modernization. While sustainable development maintains a greater focus on the developing world and considers issues of distributive environmental justice between the North and the South, ecological modernization is more concerned with environmental solutions within advanced industrial economies. (Langhelle, 2000, 308-309) Nevertheless, the concepts share many affinities in their advocacy for technocratic fixes to environmental problems. However despite the conceptual slippage, the two should not be conflated. Yet initiatives that should properly fit under the "eco-modernization" paradigm do get labeled under the rubric of sustainable development. Thus the WBCSD classifies its efforts at 'eco-efficiency' as part and parcel of viable sustainable development even though it might be better described as ecological modernization (Huesemann, 2003; Schmidheiny, 1992; Stigson, 2000) According to the WBCSD, eco-efficiency is:

> [A] management philosophy that encourages business to search for environmental improvements that yield parallel economic benefits. It focuses on business opportunities and allows companies to become more environmentally responsible and more profitable. It is a key business contribution to sustainable societies (WBCSD, 2006, 16).

Eco-efficiency is achieved by the "delivery of competitively priced goods and services that satisfy human needs and bring quality of life, while progressively reducing ecological impacts and resource intensity throughout the life-cycle, to a level at least in line with the Earth's estimated carrying capacity" (Ibid, 16). As defined by the WBCSD, this approach maintains a strong belief in the ability of technological innovation to deliver the required efficiency gains outlined above (Ibid, 4-5). The 'eco-efficiency' aspect of the WBCSD strategy for sustainable development closely mirrors the assumptions inherent in ecological modernization theory.

Ecological modernization posits the idea that economic growth and environmental protection are not necessarily contradictory aims. Indeed, certain versions of this thesis argue, like the WBCSD, that environmental protection offers new business opportunities for growth and competitiveness (Barry, 2006, 303; Langhelle, 2000, 305-306; Hawken, Lovins & Lovins, 2006). This amounts to a "win-win" scenario, where environmental initiatives are no longer represented as a zero-sum game with industry (Harvey, 1996, 378; Buell, 2003, 49; Barry, 2006, 310). Furthermore, eco-modernization suggests that rather than a fundamental reorganizing of the economy, solutions to current environmental problems can be resolved through the same mechanisms that gave rise to the problems in the first place. As Buttel notes:

> An ecological modernization perspective hypothesizes that while the most challenging environmental problems of this century and the next have (or will have) been caused by modernization and industrialization their solutions must necessarily lie in more – rather than less – modernization and 'superindustrialization' (Cited in Barry, 2006, 304).

Thus, according to this thesis, existing institutional arrangements and structures are sufficient to tackle current environmental problems. Indeed, eco-modernization relies on the same conventional components as sustainable development; economic growth, liberalized markets, costing the environment and technological innovation to achieve its stated aims (Barry, 2006). Maarten Hajer writes that eco-modernization:

> [D]oes not call for any structural change but is, in this respect, basically a modernist and technocratic approach to the environment that suggests that there is a techno-institutional fix for the present problems. Indeed, eco-mod is based on many of the same institutional principles that were already discussed in the early 1970s: efficiency, technological innovation, techno-scientific management, procedural integration, and coordinated management (1997, 32).

The emphasis within eco-modernization on existing structures and arrangements has made it particularly attractive to both political and corporate elites as it foregoes the need for any radical systemic change while continuing to champion neoliberal policy instruments as the means to resolve environmental degradation (Hajer, 1997; Barry, 2006).

In this respect, while eco-modernization does differ from theories of sustainable development in its effective neglect of issues of distributive environmental justice between the North and the South, it harbors many of the same assumptions regarding the relationship between ecology and the economy and prescribes similar mechanisms to achieve environmental sustainability. Therefore, despite their differences, we should not be surprised that many of eco-modernization's ideas have been brought under the conceptual umbrella of 'sustainable development.' Indeed, given the extent to which these concepts are often conflated, I will usually opt for the broader term of "corporate environmentalism," as so many of the environmental initiatives advanced under CSR draw upon the theoretical principles of both concepts.

As has been shown, the three major components within the concept of sustainable development; economic growth, liberalized markets, and technological innovation, work in concert to ensure the realization of each other. Thus, the most credible critiques of the conventional usage of sustainable development are those that question and take issue with the efficacy of these components in achieving a truly sustainable society. For the purposes of this study, I have selected two variants of ecological critique that best address these components. These are the "Steady-State" or "Stationary-State" school of ecological economics and Ecological Marxism or "Eco-socialism;" two bodies of thought that I will draw heavily from in the study to follow.[21] I will consider each critique in turn.

Carlos Castro observes that while all definitions of sustainable development view it in terms of maintaining conditions for future generations, "the mainstream approach sees this in terms of economic conditions primarily, whereas more critical perspectives emphasize ecological conditions directly" (2004, 196).[22] Indeed the primary argument launched by critics of conventional definitions of sustainable development is that the relationship between economy and ecology implicit within the conventional definition is fundamentally flawed and actually to the detriment of ecological sustainability.

As has been demonstrated, economic growth is, according to the proponents of sustainable development, the *sine qua non* to realizing an environmentally sustainable society. Advocates of 'Steady-State' ecological economics roundly reject this fundamental assumption between growth and sustainability. The Steady-State argument is most associated with its foremost proponent, former World Bank economist Herman E. Daly. According to Daly there *are* definite limits to growth that are rarely acknowledged

[21] For the purposes of this study I will generally employ the broader category of "eco-socialism," to include those political ecologists and ecological feminists that provide a substantial critique of capitalism in their analysis but might not necessarily self-identify as Ecological Marxists.

[22] This difference in emphasis is sometimes regarded as "weak" sustainability versus "strong" sustainability. Weak sustainability posits that technology and resource substitution by human-made capital can replace elements of natural 'capital,' while strong sustainability argues that certain elements of natural capital are irreplaceable and must be conserved for future generations (See Cabeza Gutes, 1995, 147-148; Naess, 2006, 214).

within conventional economic theories. Whereas mainstream economics either ignores the economy's relation to the environment or assumes that the environment is a subset of the economy, Daly argues that the economy is a subset of the ecosystem, which is finite, non-growing, and materially closed, in that no matter enters or leaves it (1993, 811). As the economic sub-system continues to grow it colonizes more and more of the ecosystem to provide sources for our raw materials and sinks for our waste. The economy, as an expanding sub-system within a finite earth must inevitably reach a size wherein the earth can no longer renew and absorb the activities of the economy (Ibid, 815). Yet, such arguments have no real traction unless it can be proven that a continually expanding economy faces real eco-systemic limits. Indeed, this is the crux of the steady-state argument.

The steady-state argument for absolute limits to growth is based on Nicholas Georgescu-Roegen's original theory on the economic significance of the second law of thermodynamics or 'entropy law' (1980). As Gismondi and Davidson explain, the second law of thermodynamics states:

> [E]very time energy is transformed or converted, which is what we do whenever we expend energy in work or in heat production, the total amount of energy remains the same, but its availability for future work is reduced. Entropy is the measurement of this change in usefulness or availability (2005, 209).[23]

'Low' entropy energy or matter is that which is readily available and can be easily transformed for use (such as fossil fuels), conversely, 'high' entropy energy or matter is that which is more difficult to extract and render useful to humans (such as heat). Sources of low entropy are finite, there is only so much we can extract from the earth and once used (such as through combustion) it is transformed into high entropy (heat) which can be difficult or impossible to recapture for future use (Daly, 1974, 154). While other low entropy energy such as sunlight is theoretically infinite, we are limited by the flow of solar energy in its rate of arrival to the earth (Ibid, 154). As Burkett notes, the increase in entropy occurs both in production itself (dispersal of heat and material pollutants), and through the disposal of products once they are used (2005, 119). Thus the economy can

[23] Georgescu-Rogen and Daly both agree that terrestrial low entropy takes two forms: *material* and energy, both of which place an absolute limit on human production. For a much more detailed explanation than can be offered here, see Burkett, 2005.

be viewed as a system that transforms (useful) low entropy matter and energy into (ineffectual) high entropy matter and energy. For those that would suggest that recycling can allow us to bypass the entropy law, Georgescu-Roegen, Daly and others argue that for those products that *can* be recycled, the process not only uses up irreplaceable energy, but that recycling can also never be 100 percent complete. Some fraction will always escape the process; therefore new replacement material will always be required (Daly, 1974, 151; Smith, 1998, 77-78; Huesemann, 2003, 23-25; Burkett, 2005, 131-132). Lastly, those looking for respite through resource substitution must recognize that substitution is "always of one source of low entropy for another. There is no substitute for low entropy itself" (Daly, 1974, 154).

Thus, Georgescu-Roegen and Daly argue that the economy cannot escape the physical limits of the laws of thermodynamics and that through its very operation, the economy uses up an irreplaceable stock of low entropy matter and energy. Low entropy is, according to Daly, "the ultimate supply limit, the source of absolute scarcity" (Cited in Burkett, 2005, 119).

If there are definite limits to growth, the question becomes, how close to the bio-physical limits of the earth are we? Most ecological economists would suggest that we are already dangerously close, if not already surpassing the bio-physical limits of the earth to maintain current production and consumption rates. Daly argued in 1993 that there is "abundant evidence that even the present scale of the economic sub-system is unsustainable by the remainder of the eco-system and that further economic expansion of the economy (current doubling time is about 40 years) is diminishing the capacity of the earth to support life" (Daly, 1993, 815). Political ecologist William Rees concurs, arguing that recent studies suggest that in many parts of the world, environmental degradation seems to have "passed a threshold of irreversibility and that renewable resource scarcities of the next fifty years will probably occur with a speed, complexity and magnitude unprecedented in history" (1995, 358). However, the point at which we surpass the ability of the earth to sustain human activity does not have to manifest itself as some system-wide cataclysmic failure. As Daly puts it, it is not a question of all of a sudden running out of scarce resources or overloading planetary sinks for our waste (though it is argued that this is inevitable if we maintain our present course); it is rather when "economic growth" increases ecological costs faster than production benefits. When this occurs, it becomes in truth "anti-economic" growth, as it is ultimately "impoverishing rather than enriching' (Daly, 1993, 815-816). Thus the pursuit of growth past this point actually accelerates the environmental destruction of the earth rather than reversing it, in direct contradiction to the arguments put forward by the advocates of conventional definitions of sustainable development.

In opposition to the growth paradigm offered by the proponents of the conventional definition of sustainable development, Daly and others advocate what they call a "steady-state" economy as the path to true ecological sustainability. To briefly summarize, the steady-state economy is one whose scale remains constant at a level that "neither depletes the environment beyond its regenerative capacity nor pollutes it beyond its absorptive capacity" (Ibid, 814). Burkett describes such an economy as defined by constant stocks of physical wealth and a constant population, each maintained at some chosen, desirable level by a low rate of throughput (low birth rates equal to low death rates and by low physical production rates equal to low physical depreciation rates), so that longevity of people and durability of physical stocks are high. The goal is to develop *qualitatively* rather than *quantitatively* (2005, 121). However, Daly's proposal for the transition to the steady-state economy remains profit-driven, building upon "existing basic institutions of private property and the price system, and is to that extent fundamentally conservative" (Daly, 1974, 162). Daly also advocates a "major extension of the market" to resource depletion quotas and transferable birth licenses to control throughput of production inputs and aggregate births (Ibid, 162). While Daly supports maximum and minimum income limits and other modes of state macro-control, the micro level is to be primarily left to the free-market in order to promote decentralized decision-making and individual freedom (Ibid, 162; Sarkar, 1999, 163).

It is in Daly's prescriptions for arriving at a steady-state economy where most Ecological Marxists and/or eco-socialists would diverge with Daly's argument. While most Eco-socialists basically concur with the steady-state's arguments against the imperative of growth, the existence of bio-physical limits based on the entropy law and the need to subordinate the economy to ecological requirements, they fundamentally differ in both analytic focus and on the praxis needed to achieve these ends (Altvater, 1994; O'Connor, 1994; Sarkar, 1995; Perelman, 2003; Castro, 2004; Burkett, 2005).[24] Indeed, the eco-socialist critique of the steady-state economy provides a useful entry point to explore the key tenets of its analysis and its critique of the conventional definition of sustainable development.[25]

As Sarkar notes, the steady-state economy is by definition, stationary. It hopes to achieve zero-growth, with an extended transition period where the economy must actually *contract* in order to meet the sustainable through-put requirements as recommended by Daly (1999, 162-163)[26] Yet, as outlined above, Daly believes that a zero-growth economy can occur within the parameters of an albeit modified but still profit-driven capitalism. The eco-socialist position would believe this to be untenable because they locate the imperative for growth within the very dynamics of capitalism itself (Sarkar, 1999; Foster, 1994; O'Connor, 1994b; Kovel, 2002). This is because capitalism requires growth to survive, that it must "accumulate or die," in Marx's words (Foster, 2002, 37).

Moreover, this growth is exponential, in that the pressure for capitalist growth becomes proportional to the total magnitude of the accumulated capital pressing for discharge (Kovel, 2002, 43). This exponential nature of growth is illustrated by future projections of industrial growth. The current rate of growth in industrial production, if extrapolated into the future, would witness a doubling in the size of industry every twenty five years, growth sixteen fold every century, and expansion by 250 times in the next two centuries (Foster, 2002, 35). If this is the case, then Burkett argues that Daly's reliance on market mechanisms for the transition to a steady-state economy cannot possibly hope to quell the growth dynamic inherent within capitalist accumulation. "Any market economy in which production is motivated by profit," writes Burkett, "must rely on growth, since money-making only makes sense if the amount of money made is greater than the amount of money advanced" (2005, 146). However Daly fails to recognize this imperative within

[24] For a dissenting opinion on the existence of limits to growth from a Marxist position, see David Harvey (1996) *Justice, Nature and the Geography of Difference*. (Oxford: Blackwell)., 146-149. For a rejoinder to Harvey, see John Bellamy Foster (1998). "The Scale of Our Ecological Crisis." *Monthly Review*. April.
[25] Nor do all Eco-socialists believe that Daly's prescription of a zero-growth economy is a pre-requisite for true sustainability.
[26] Note that Georgescu-Roegen differs with Daly over the efficacy of a stationary economy to achieve true sustainability. In fact, Georgescu-Roegen argues that "the most desirable state" from the standpoint of entropic sustainability "is not a stationary, but a declining one" (See Georgescu-Roegen, 1980b).

capitalism, and instead counsels a moral and ethical transformation within humanity in order to "attack to ideology of growth," as if the expansionist tendencies of capitalism were simply the result of some subjective delusion rather than integral to the dynamics of capitalism itself (Burkett, 2003, 23; Sarkar, 177).

Thus, while eco-socialism shares many of the same critiques of the growth imperative as the steady-state economists, they locate this imperative within capitalism and the operations of the profit-driven market system. They would therefore be highly critical of the arguments in favour of expanded economic growth and liberalized markets as advocated by the proponents of the conventional definition of sustainable development. In addition, Eco-socialists are similarly critical of the belief that technological innovation can provide us with the means to achieve an ecologically sustainable society, as they see technology as currently employed as equally wedded to the dynamics of the capitalist growth imperative.

For example, the observation that technical improvements in resource use efficiencies often result in increasing aggregate consumption levels of the very same resource intended to be conserved has been termed "Jevons' Paradox," after British neo-classicist economist William Stanley Jevons (1835-1882). Jevons observed that increased efficiency in using a natural resource, such as coal, only resulted in increased demand for that resource, not a reduction. This was because such improvement in efficiency led to a rising scale of production. (Foster, 2000; Perelman, 2003). As Foster notes:

> The contemporary significance of the Jevons paradox is seen with respect to the automobile in the United States. The introduction of more energy-efficient automobiles in this country in the 1970s did not curtail the demand for fuel because driving increased and the number of cars on the road soon doubled (2000, n.p).

Ultimately, Huesemann argues that technical improvements in efficiency that are developed to ameliorate the various negative environmental impacts of economic growth, actually promote further industrial and economic expansion, thereby contributing to further ecological degradation. While Huesemann concedes that technical innovations can prove environmentally positive in the short-term, these gains are soon lost as the expansion of the economy outstrips the environmental benefits garnered by the new technology (2003, 30-31).

The eco-socialist critique would argue that the three main components of the conventional definition of sustainable development; economic growth, liberalized markets, and technological innovation, are mutually *destructive* to the integrity of the environment rather than mutually enhancing. Moreover, many argue that what is being advocated by the proponents of sustainable development is in reality, sustainable *capitalism*, in that the conventional definition of sustainable development champions the needs of capital over and above that of the environment (Foster, 1994; Castro, 2005; Johnston, 2006). Ultimately, eco-socialist thought indicts capitalism as the main culprit behind ecological crisis. This is not to suggest that ecological degradation did not occur prior to the onset of industrial capitalism. However, the scope of environmental destruction under capitalism has been significantly magnified due to capital's global reach and its incessant need to commodify and subject nature to the logic of profit (Foster, 1994, 35; Buell, 2003, 59).[27] Thus, as outlined above, the eco-socialist position points to a number of contradictions within capitalism itself that negate its ability to provide a truly ecologically sustainable alternative.

From this overview, it is clear that there is a wide diversity of opinion on what should constitute real and effective sustainable development. As Pezzoli observes, the point to emphasize here is that the definition of sustainable development "has ideological and political content as well as ecological and economic content" (1997, 550). Therefore, the struggle over the definition of sustainable development should not be viewed as a purely academic exercise. As Dryzek notes, because environmental discourses tell competing stories about the world around us, they affect "how societies do and do not respond to ecological crises" (Cited in Johnston, 2006, 39). Therefore, if sustainable development continues to act as the most favoured means with which to address our environmental problems, how we define the content and scope of what actually constitutes 'sustainability' has profound consequences not only for the planet, but also for humanity's place within it.

From this overview, I have attempted to summarize the main lines of argument within these three bodies of scholarly literature. I will have cause to refer back to some of

[27] Martin O'Connor deems this the "ecological phase of capitalism," where nature is rendered internal to capital and subordinated to "the rational calculus of production and exchange." See Martin O'Connor, "On the Misadventures of Capitalist Nature," in O'Connor, 1994, pp. 126-131.

this literature in subsequent chapters, as a means to both remind the reader of certain concepts and definitions and to provide further context in the course of my arguments. With this background now established, we can now proceed to the historical analysis central to this study.

Chapter Three

The School, the Pulpit, and the Press: Public Relations and Corporate Power, 1900-1950

Since the inception of the modern corporate form, corporations have been acutely aware that the most persistent threat to the parameters of their operations and scope of their power has been that of an aroused democratic public. As Joel Bakan observes, "as the corporation's size and power grew, so did the need to assuage people's fears of it" (2004; 16). The potential for popular expressions of democracy to constrain corporate power through legislation, regulation and labour organization have been of paramount concern among business leaders since the dawn of the twentieth century (Carey, 1995; Ewen, 1996; Fones-Wolf, 1994; Nace, 2005; Silk & Vogel, 1976). Recognizing that their survival hinged upon public consent, corporate leaders quickly realized the utility of the nascent public relations industry as a means to project a positive image of their role in a democratic society. "As industrial power grew." writes V.O. Key, "the conscious policy of manipulating public attitudes to retain that power came to be adopted" (Cited in Carey, 1995, 137).

The purpose of this chapter is to document the emergence of the public relations industry and its intimate relation with corporate power. The chapter will focus on the perception of American business that popular expressions of democracy, through legislation, regulation and trade union organization posed a threat to the "free enterprise" system, and that the manipulation of public opinion was seen as a key strategy to defuse these threats by both demonizing corporate critics while portraying the corporation as a benevolent and responsible institution integral to the securing of the public interest. A cursory investigation of the strategies and tactics of the public relations industry in concert with the corporate sector through the Progressive Era, the Great Depression and Post World War Two will be conducted to establish the historical continuity of corporate responses to popular expressions of democracy within the United States.

However, before proceeding, a few qualifications are in order. This chapter attempts to document the use of public relations during periods of major public disillusionment with corporate power and the capitalist economic system itself. Therefore, it in no way constitutes a detailed or comprehensive history of public relations as practiced in the United States during the past century, which has been extensively documented by others (Beder 2006a; Carey, 1995; Cutlip, 1994; Ewen, 1996; Fones-Wolf, 1994; Raucher, 1968; Tedlow, 1979).[28] Moreover, this cursory history attempts to identify *only* those campaigns in which public relations were called upon to defend the legitimacy of the corporation as an institution and the integrity of the capitalist system as a whole by a broad constituency of the business community. Thus, this chapter is not ultimately concerned with PR efforts at the firm level designed to defend or aid the public image of an individual corporation, but with campaigns that demonstrated a concerted response on behalf of a broad segment of the corporate community to defend capitalist socio-economic relations and the position of power and privilege that the corporation enjoys within it. Finally, as the above suggests, this chapter does not claim to represent the views of American business in its entirety. Corporate interests are not uniform and can and have come into conflict with each other (Himmelstein, 1990; Miliband, 1976; Useem, 1984). Therefore, while the shorthand "American business," "American industry," or "business community" is employed throughout this chapter, it should be emphasized that this does not imply the homogeneity of interests and actions on behalf of business. Rather the assertions put forward in what follows should apply only to those particular corporations or associations of business so identified. It is with these qualifications in mind that we now proceed.

The Progressive Era

The dawn of the twentieth century in the United States witnessed both the growing power of the corporate form and the newly realized power of the popular masses. As Carey observes, between 1880 and 1920, the democratic franchise was

[28] While recognizing the influence of other groups – such as reform movements, organized labour, non-profit organizations and governments – in the development of public relations in the United States, this study is ultimately concerned with *corporate* public relations and will thereby be exclusively focused on this specific historiography of American public relations (See Miller, 2000, 413).

extended from around ten to fifteen percent of the populace to forty to fifty percent (1995, 21). Further energizing the power of the public was the growth in trade union organization that witnessed a fivefold increase in membership between 1897 and 1904 alone (Micklethwait & Wooldridge, 2003, 73). Moreover, worker dissatisfaction had erupted in a record level of strike activity – with nearly 25,000 strikes affecting more than 117,000 establishments recorded between 1880 and 1900 (Brandes, 1976, 1). Concomitant to this, American business experienced a wave of consolidation and combination that gave rise to increasingly powerful monopolies whose influence and clout made itself felt throughout American society (Brecher, 1997; Ewen, 1996; Mitchell, 1989; Tedlow, 1979). The emergence of these two powerful social forces would prove to be an explosive mixture. "The rise of powerful monopolies," writes Cutlip; "the concentration of wealth and power, and the rough-shod tactics of the robber-barons in exploiting human labour and the nation's resources brought a wave of protest and reform in the early 1900s" (1994, 1). Indeed, if there was one signal issue that defined the Progressive Era, it was the legitimacy of the power of the corporation in an increasingly democratic society (Mitchell, 1989; Marchand, 1998). The legitimacy of the corporation was further questioned during this period due to the increasingly strident denunciations of corporate power made popular through the revelations of the "muckraking" press (Cutlip, 1994; Ewen, 1996; Marchand, 1998; McChesney & Scott, 2004). Tedlow notes that in the early years of the twentieth century "exposé journalism through the medium of the popularly priced magazine caught fire. Between 1903 and 1912, almost two thousand muckraking articles appeared in these magazines" (1979, 14-15). According to Hans Thorelli, the muckrakers "contributed heavily to the fact that the problems of big business and industrial combination and competition retained a place at or near the top of the nation's agenda from Roosevelt's first administration to the outbreak of World War One" (Cited in Mitchell, 1989, 108).

The result of these damning exposés was a growing public distrust and suspicion of corporate motives coupled with popular demands for government regulation to constrain and restrict the power of the corporation (Tedlow, 1979; Mitchell, 1989; Ewen, 1996). Perhaps even more threatening to the prerogatives of corporate power were the growth of radical social and economic alternatives entertained by the American population exemplified by the increasing electoral fortunes of the Progressive and Socialist parties. As Mitchell observes:

> The high noon of Progressivism, when corporate power was most conspicuous, was 1912. More than twelve hundred Socialists had been elected to public office in the preceding two years, and there were five daily Socialist newspapers. The Democratic platform chastised Taft and the Republicans for failing to bring criminal charges against Standard Oil officials under anti-trust law. The Progressive party…recognized the large corporation as an inevitable outcome of economic development, but demanded federal regulation (1989, 88).

Moreover, popular demands induced the ruling Republicans to threaten the break-up of the more powerful monopolies through the use of anti-trust law.[29] As Mitchell argues, anti-trust policy constituted "a threat to corporate independence, the exercise of corporate power, and even to corporate institutional survival" (1989, 90).

Beset from all sides, the American corporation faced an uncertain and potentially threatening future. From his celebrated 1913 book *The Progressive Movement*, Stephen Duncan-Clark emphasized the serious legitimacy problems facing businessmen: "The alert and intelligent member of the capitalist group is aware of the fact that he and his class are under surveillance today; that they are distrusted by many of the people, and that the situation demands, not an arrogant defiance of this irrational attitude, but an earnest effort to justify their place in the social organism" (Cited in Ibid, 110).

However, the increasing stridency of the attacks on American business and the growing radicalism of the solutions on offer began to concern not only corporate leaders, but American intellectuals as well. This concern that popular protest was leaving the bounds of acceptable reform into a more revolutionary direction was best expressed by Walter Lippmann, considered the pre-eminent public intellectual of the period (Ewen, 1996, 61). Lippmann's widely hailed *Drift and Mastery,* published in 1914, outlined Lippmann's vision of increasing social chaos and disorder if current popular discontent was not assuaged. Ewen succinctly sums up Lippmann's concerns during this period:

> Images of *the people ruling* were, for Lippmann, assuming an air of menace. Ongoing middle-class hostility toward big business – once understood as a constructive catalyst for social reform – had now become, to Lippmann's increasingly conservative mind, an inadvertent stimulus of social disintegration.

[29] The United States Supreme Court ordered the break-up of the Standard Oil trust in 1911, creating the forerunners of Exxon, Amoco, Mobil, and Chevron (See Micklethwait & Wooldridge, 2003, 73).

> As attacks on the practices of big business mounted and an increasingly militant working class movement challenged the very concept of privately held wealth, Lippmann became more and more alarmed (1996, 61).

Lippmann further condemned the muckraking press for creating a 'culture of accusation' that if not reversed would incite the forces of social revolt that could undermine the integrity of American society itself. Lippmann's concerns were also echoed by President Theodore Roosevelt who viewed the journalistic attacks on the business system itself as "feeding the flames of insurrection" (Ibid, 63). While speaking on the merits of spotlighting corporate abuses, Roosevelt warned that if journalism "seeks to establish a line of cleavage, not along the line which divides good men from bad, but along that other line…which divides those who are well off from those who are less well off, then it will be fraught with immeasurable harm to the body politic" (Cited in Ewen, 1996, 63).

To counter what was perceived to be an impending social crisis, Lippmann and a growing number of other intellectuals proposed harnessing the power of the social sciences in order to create social order and stability through techniques of persuasion and the management of public opinion (Ewen, 1996, 64). As Ewen argues, the pivotal figure advancing this idea of a technical elite able to engineer social order was the French academic Gustave Le Bon. Le Bon's best-selling work, *The Crowd* echoed the fears of American intellectuals over the power of mass democracy to undermine the central institutions of modern society. Key to Le Bon's thought was the rejection of the liberal notion of a rational public able to discern its own interests through reason. While he allowed that the educated classes were capable of rational thought, he diagnosed the crowd, the urban under-classes, as driven by dark, irrational impulses (Ewen, 2006, 262). The elite fears that Le Bon reflected was that this irrational mass, susceptible to radical ideas over the distribution of power and wealth in society, would use their newly won democratic franchise to:

> [U]tterly destroy society as it now exists, with a view to making it hark back to that primitive communism which was the normal condition of all human groups before the dawn of civilization. The divine right of the masses is about to replace the divine right of kings (Cited in Ewen, 1996, 66).

In order to combat this potential, Le Bon advocated the pioneering use of mass psychology to analyze the workings of the popular mind for the purposes of better controlling it. The primary conclusion that Le Bon came to was that the irrational mass could not be reasoned with; rather in order to control the public mind, one needed to reduce ideas to simple visual images, supplying the people with emotional illusions in order to "know the art of governing them" (Ewen. 2006, 263).

Le Bon's ideas about the "psychology of crowds" and the need for social control would have a profound influence on Lippmann. Indeed, Lippmann would integrate Le Bon's ideas into his own on how to shape political agendas for society (Ibid, 264). Echoing Le Bon, Lippmann also challenged the ability of the American public to respond to reason. Instead, Lippmann argued that 'ordinary people' were driven by "pictures in their heads" rather than rationality. It was therefore incumbent on elites to be able to create and shape these pictures occupying the public mind in order to guide public opinion and avoid social chaos (Ibid, 265; Also see Chomsky, 1996).

These ideas of Lippmann and Le Bon; the distrust of an 'irrational' public to 'properly' use the democratic franchise and the need for a specialized elite to guide popular sentiment towards correct modes of thinking, would be foundational for the American public relations industry emerging at this time. Lippmann's most practical contribution to the thinking of public relations was his insistence that modern leadership required specialists who could formulate how the press would cover a given issue. According to Lippmann, public opinion "must be organized *for the press* if they are to be sound, not *by the press* as is the case today" (Cited in Ewen, 1996, 151). In effect, Lippmann called for the introduction of skilled intermediaries who could successfully shape and mold what the press would report in order to manage the perceptions of the public, a central function of the modern public relations practitioner.

Indeed, the notion that the press in particular, and publicity in general could reverse the tide of hostility towards the power of big business was not lost on American corporate leaders either. As Eric F. Goldman explains, "the muckrakers used publicity as an anti-business weapon and industry, in direct reply to the muckrakers, began to feel that if publicity could be used against them it could be used for them. Hence the birth of the whole public relations industry" (Cited in Tedlow, 1979, 15). Indeed, public relations pioneer Ivy Lee, echoing many of the same sentiments as Lippmann and Le Bon, quickly recognized that publicity and the press could reverse corporate fortunes if properly managed (Ibid, 36). As Ewen states:

> Lee argued that it was imperative for men of business to manufacture a commonality of interests between them and an often censorious public to establish a critical line of defense against the crowd. The successes of muckrake journalism and emerging intuitions regarding the journalistic grooves of borrowed thought suggested to Lee and others a route by which that goal might hopefully be achieved. (1996, 75-76).

A former newspaper man, Lee envisioned himself as a 'news engineer,' and a 'physician for corporate bodies' under attack from a hostile public (Ibid, 76). Indeed, Lee's public relations services were sought after by some of America's largest corporations wracked by scandal. During this period Lee's PR skills were employed to defend International Harvester from anti-trust action, Pennsylvania Rail Road from public ownership, the Anthracite Coal Operators from union organization, and most famously, to salve public outrage against Rockefeller's Colorado Fuel and Iron corporation in the wake of the Ludlow Massacre (Raucher, 1968; Tedlow, 1979; Ewen, 1996).[30] However, public relations counsel during this period was primarily sought after when individual corporations faced peculiar crises or emergencies (Raucher, 1968, 19; Ewen, 1996, 77). In spite of this, incipient efforts on behalf of associated industry to affect public attitudes were also evident during this period. The primary business organization utilizing public relations in order to bring public opinion in line with corporate interests would be the powerful National Association of Manufacturers (NAM).[31] As Robert Brady observes, the NAM envisioned itself as the "mother of all associations," organizing all of American industry "from center to circumference" (2001, 193). While this vision of the NAM encompassing *all* of American industry was never quite realized, it nevertheless included some of the most powerful corporate interests in the United States at this time. Indeed, in 1915 the NAM claimed its membership employed "nearly six million workers…and manufacture in each year, more goods, measured by money values, than are produced by

[30] In April 1914, National Guardsmen attacked and burned the striking United Mine Workers' tent colony in Ludlow Colorado, killing eleven women and two children. (See Raucher, 1968, 24-25).
[31] Note that a full listing of all the organizations cited in this study and their abbreviations can be found in Appendix A.

the entire population of any other nation in the world" (Ibid, 199). The NAM's primary public relations activities during this period involved the prevention of any significant political gains by the American labour movement. Through its open-shop campaign, its blacklisting of American Federation of Labor (AFL) supported politicians, and its attempt to influence both Republican and Democratic political party platforms, the NAM's public relations programs sought to create a "climate of opinion within which the NAM's conception of individualism, free enterprise and laissez-faire will be habitually accepted as positive values and alternatives to them will be rejected" (Gable, 1953, 262-267).[32] The ambition and scope of the NAM's public relations and lobbying activities were revealed by the 1913 House Select Committee on Lobby Investigation, which characterized the NAM as:

> [A]n organization having purposes and aspirations along industrial, commercial, political, educational, and other lines, so vast and far-reaching as to excite at once admiration and fear – admiration for the genius which conceived them and fear for the effects which the successful accomplishment of all these ambitions might have in a government such as ours (Cited in Lane, 1950, 18).

The Committee further reported that the NAM carried on a "disguised propaganda campaign, through newspapers, publicists, speakers, and literature in schools, colleges and civic organizations throughout the country; and that it had promoted employee alliances for use in opposing pro-labor Congressional candidates" (Ibid, 19). Gable further states that the Committee concluded that the Association sought the "deliberate creation of a charged public opinion and a consequent coercion through propaganda," as its primary method of operation (Ibid, 20).[33]

While the scope of these early public relations efforts to manipulate public opinion may have shocked American politicians at the time, it would take the First World War with its reliance on massive propaganda campaigns to mobilize public opinion to reveal the true potential of public relations for American business.

[32] It is important to emphasize that the views and tactics of the NAM were not shared by *all* of American business. For example, the National Civic Federation (NCF) – a more reform minded business association – was concerned that the NAM's hostility to trade unions and refusal to accommodate labour's demands would drive workers to independent political action and socialism (Weinstein, 1968, 16-17).

[33] Indeed much of the NAM's public relations were purposively disguised so as not to reveal their true source. As the NAM itself argued, the sponsorship of its literature should be assigned to another group in order to hide the NAM's authorship, because the NAM "felt that material issued over its by-line is naturally discounted" (Gable, 1953, 263).

World War One & The Twenties

With the institution of the Creel Commission for Public Information (CPI), President Wilson's propaganda agency during World War One, the size and scope of efforts to manage mass opinion would reach an unprecedented scale. While the CPI built upon existing publicity strategies that had been evolving in the United States since the turn of the century; "in scope and conception," the CPI constructed a communications apparatus that "transcended anything that had previously existed" (Ewen, 1996, 111). As Ewen explains, the CPI mobilized every conceivable mode of communication in order to rally national sentiment behind the war effort. Creel himself stated that the "printed word, the spoken word, motion pictures, the telegraph, the wireless, posters, signboards, and every possible media should be used to drive home the justice of America's cause" (Ibid, 112).

The success of these propaganda efforts to convert a relatively pacifist and isolationist American public into ardent supporters for the war would confirm the "realist" democratic theories of Lippmann and others.[34] During the war, it was thought that public opinion had finally revealed its susceptibility to demagogic appeal. Shocked by the malleability of the masses, Lippmann concluded that the average person was "incapable of seeing the world clearly, much less understanding it" (Ewen, 1996, 147). Prior democratic assumptions of the rational citizen, amenable to reasoned debate would have to be jettisoned in favour of techniques that could assemble mass support behind pre-determined executive action. Lippmann's own stark conclusion was that "the common interests very largely elude public opinion entirely, and can be managed only by a specialized class" (1997, xv). Other American intellectuals came to similar conclusions in the wake of the war. Harold Lasswell, perhaps the leading scholar of propaganda of the time, observed that the new techniques of public opinion manipulation unleashed by the war "testifies to the collapse of the traditional species of democratic romanticism and to the rise of the dictatorial mind" (Cited in Ewen, 1996, 176). Indeed, historian Robert B.

[34] According to political philosopher Robert B. Talisse, democratic realism involves two main commitments. "First, realists hold that the paradigmatic political activity is voting. Second, they hold that voting is an activity by which a ruled class selects rulers from a separate class of elites. As it countenances a strict division of labor between ruling and ruled classes, democratic realism is known also as elitism" (Talisse, 2004, 3).

Westbrook observes that the democratic realists of the period came to question two key assumptions essential to traditional democratic thought:

> [First] the belief in the capacity of all men for rational political action and [second] the belief in the practicality and desirability of maximizing the participation of all citizens in public life. Finding ordinary men and women irrational and participatory democracy impossible and unwise under modern conditions, they argued that it was best to strictly limit government by the people and to redefine democracy as, by and large, government for the people by enlightened and responsible elites (Cited in Ewen, 1996, 147).

The public relations profession would also take similar lessons from the World War. Many public relations practitioners had cut their teeth in the war-time information agencies, none more famous than Edward Bernays, self-proclaimed 'father of public relations' and former CPI member (Beder, 2006a; Ewen, 1996; Tedlow, 1979). As Ewen states, Bernays was one of the first to apprehend the role public relations could play within the new democratic realist conception of power. Echoing Lippmann, Bernays conceived the public relations counsel as one of the "intelligent few" who must, within a democratic society, "continuously and systematically" perform the task of "regimenting the public mind" in order to ensure that the masses will "throw their newly gained strength in the desired direction" (Ewen, 1996, 166-167).

Bernays further recognized the utility of public relations for American business, noting that the experience of World War One had caused business to realize that "the great public could now be harnessed to their cause as it had been harnessed to the national cause, and the same methods could do the job" (Carey, 1995, 22). Indeed, the success of wartime propaganda in molding public opinion was not lost on business leaders. "The war taught us the power of propaganda," said Roger Babson, business's great forecaster, "Now when we have anything to sell to the American people, we know how to sell it. We have the school, the pulpit, and the press" (Cochran & Miller, 1961, 333).

American business did not have to wait long to apply the propaganda lessons of the war to their immediate economic interests. As Tedlow observes, the postwar period commenced on a threatening tone, with the country suffering "economic dislocation and labor disputes shocking in their ferocity" (1979, 28). Indeed as labour historian Jeremy

Brecher (1997) documents, the year of 1919 was punctuated by mass strikes and rank and file revolt. Stung by rising inflation, wage cuts and the end of price controls, yet buoyed by the example of Bolshevik revolution and the promises of a "New Era" after the war, American workers demonstrated their collective power across the nation with renewed fervour (Ibid, 117-120). The year witnessed mass strikes by United Textile Workers in New England, policemen in Boston, United Mine Workers in Illinois, the Great Steel Strike in Ohio and Pennsylvania and the Seattle General Strike to name but a few (Brecher, 1997; Carey, 1995; Tedlow, 1979). Even more threatening was the fact that many of these strikes and industrial actions were not sanctioned by union leadership, but were rather spontaneous outbursts by an increasingly militant rank and file (Brecher, 1997, 144; Montgomery, 1987, 388). Moreover, public opinion regarding big business, previously diverted by the war, surfaced with renewed hostility (Galambos, 1975, 193). Faced with an increasingly radicalized and insurrectionary union movement coupled with a hostile public, American business sought to turn the tide of public opinion against labour and towards themselves through the liberal use of the public relations techniques that had proved so useful in the war (Cochran & Miller, 1961; Carey, 1995).

As Cochran and Miller argue, the first object of business leaders in America during this time was the elimination of "every shade of radicalism" (1961, 332). The strategy was to "make the hatred of radicalism so profound in America that anything simply labeled 'un-American' would encounter immediate public hostility" (Ibid, 333). The campaign launched by business, deemed the "American Plan," would specifically target the labour movement through a public relations strategy designed to convince the public that union organization and collective bargaining were decidedly 'un-American' activities.[35] Through the auspices of local chambers of commerce, industry associations, the American Banking Association (ABA) and the NAM, American Plan associations were organized "in every state and nearly every city in the country" (Ibid, 333-334; Davis, 1989, 50; Brady, 2001, 196). The goal was to 'educate' the public as to the desirability of the open-shop. As Cochran and Miller explain, the closed shop and

[35] It should be noted that in regards to the American Plan, elements of U.S. business were split on its utility. As Thomas Ferguson documents, more capital intensive firms that were less susceptible to labour pressure urged a more conciliatory "welfare capitalism" model of industrial relations versus the more labour-intensive industries that backed the hard-line tactics of the American Plan (See Ferguson, 1989, 10).

collective bargaining were deemed 'un-American,' because they "interfered with the owner's free use of his private property" and "limited the ancient right of the worker to contract individually for the sale of his labor" (Ibid, 333). According to proponents of the Plan, "free bargaining" between employer and employee (usually through company unions) would bring "industrial peace throughout the nation" (Brady, 2001, 196).

So successful were the NAM and its member associations in selling the "American Plan" that the U.S. Senate Committee on Education and Labor reported that by 1926, "having achieved the retardation of labor organizations…the hectic effort to allay what had seemed to them an impending radical revolution became unnecessary, and the association settled back to the quiet enjoyment of the fruits of their efforts during the years of prosperity" (Cochran & Miller, 1961, 335).[36]

However, the labour movement was not the only target of corporate public relations during this period. With the wartime experience of government control and regulation of utilities still fresh in the public mind, "utilities men feared the revival of hostile progressivism and the continuation of movements for municipal ownership" (Raucher, 1968, 75). Mass public relations campaigns on behalf of the utilities interests during this period were designed to act as a "safety program" to create and maintain a positive business climate and minimize political interference in corporate operations (Ibid, 75). American private utilities, operating through national organizations such as the National Electric Light Association (NELA) and the National Utility Association (NUA) subsidized favourable news stories, sponsored public speakers, underwrote college courses and attempted to influence teachers, textbooks and other educational materials in a public relations campaign, that in Raucher's words, "sought to discredit all suggestions for government ownership and operation of utilities, even on the municipal level, by condemning as demagogues or Bolsheviks anyone critical of the conduct of private management" (Ibid, 83-89).[37] E. Hofer, who distributed many of these materials for the utilities and other business associations, succinctly summed up their political purpose:

[36] This is not to discount the substantial effect of state repression and violence against workers and union organizers exemplified by the Wilson-era Palmer Raids and Red Scare between 1919 and 1921. (See Montgomery, 1987, 394-395; Carey, 1995, 23).

[37] The various utilities companies paid E. Hofer & Sons, a purportedly 'independent' news agency, to send out "nearly 13,000 newspaper articles which usually appeared as original editorials without reference to the source." (See Raucher, 1968, 36).

> First, to reduce the volume of legislation that interferes with business and industry; second, to minimize and counteract political regulation of business that is hurtful; third, to discourage radicalism by labour organizations and all sorts of agitators; fourth, a constant fight for reasonable taxation by state, city and county government; fifth, a scientific educational campaign against all socialistic and radical propaganda of whatever nature (Cochran & Miller, 1961, 343).

The desired effect of the utilities' public relations campaign was further revealed by B.J. Mullaney, director of the Illinois utilities "information committee," in his testimony to the Federal Trade Commission:

> When a destructive bill is pending in the legislature it has to be dealt with in a way to get results. I am not debating that. But to depend year after year on the usual political expedients for stopping hostile legislation is short-sightedness. In the long run isn't it better and surer to lay a ground-work with the people back home who have the votes, so that proposals of this character are not popular with them, rather than depend upon stopping such proposals when they get up to the legislature or commission (Cited in Carey, 1995, 14).

While it is difficult to empirically gauge the success of these PR efforts, the utilities appeared to be quite impressed by their results. In the words of one industry representative, the campaign did "much to change and direct the economic thought and economic practice of the American people," while another utilities spokesperson boasted that American business had "captured the government, and no other government in the world has been put to the service of business as ours" (Cited in Beder, 2006a, 5).

However it would be incomplete to characterize corporate PR efforts during this period as entirely negative or defensive. While attacks on union organization and government regulation were designed to *delegitimize* alternatives to private economic power, it was also essential to *legitimize* the private corporation as a responsible and benevolent institution that could be trusted to act in the public interest. As Mitchell observes, "businessmen's approach to the problem [of corporate legitimacy] was neither to deny their power nor to yield to the state. Instead they attempted to persuade those affected by this power that they were using it appropriately" (1989, 142). Indeed, so pervasive was this sentiment within the business community that Hoffman characterizes this period as one of "the first eras of modern corporate social responsibility" (2007, 56).

As has been documented by others, the 1920s witnessed the implementation of numerous corporate welfare schemes directed at both employees and the wider public to achieve this goal (Cochran & Miller, 1961; Davis, 1986; Hoffman, 2007; Mitchell, 1989; Tone, 1997). According to Cochran and Miller, as business began its drive against labour radicalism, "so too they started to work on their labor forces in the drive for respect and support for business policies and practices" (1961, 336).[38] The institution of employee-management committees, company unions, internal "employee" magazines and journals, company pensions and employee stock ownership programs all sought to convince labour of the "benevolence of its employers" (Ibid, 336; Hoffman, 2007, 59-60).

However, these forms of corporate welfare also served a wider public relations purpose beyond the confines of an individual firm's labour force. As Roland Marchand documents in his study of institutional advertising during this period, they also served to convince the wider public of the integrity and responsibility of the large corporation to American society. Marchand illustrates this in his detailed account of AT&T's public representation of its employee shareholder program (1998, 48-87). Like many private monopolies during this period, AT&T executives were acutely aware of the potential threat of government regulation or outright nationalization of its operations (Raucher, 1968, 75; Mitchell, 1989, 129).[39] Indeed, the company's public relations executives identified "erecting adequate defenses against the spread of the government ownership doctrine" as their primary concern during this period (Marchand, 1987, 131). To diffuse public anxieties over the corporation's power, AT&T widely publicized its employee shareholder purchase plan as an instance of "democracy in business" and as an "investment democracy," in order to invoke the idea in the American public that AT&T was already somehow subject to democratic controls (Ibid, 79; Marchand, 1998, 74). Through its focus on the 'typical' employee stockholder, AT&T sought to legitimize "the

[38] As Hoffman observes, while public relations is most commonly thought of as an instrument of *external* communication, it also received wide use as an instrument for managing internal employee relations (Hoffman, 2007, 61).

[39] This concern was further exacerbated by the successful wartime administration of the telephone system by the federal government and the possibility that it might legitimize future demands for public ownership (See Raucher, 1968, 75).

company's exercise of power as truly democratic" (Marchand, 1998, 74).[40] As Marchand explains, the corporation's advertising during this period stressed that AT&T had attained a "new democracy of public service ownership in which the company not only served the people but was owned directly by the people – controlled not by one but by all" (1998, 76).[41]

By framing itself as a "public service" company owned by its very employees, AT&T's vice-president of public relations argued that the company represented "a new type of ownership in American business," one that had no incentive to seek "speculative or large profits." AT&T's purportedly widespread employee ownership imbued it with a "responsibility to further the nation's welfare and prosperity and entitled the corporation to recognition as a "public trust" (Ibid, 77). Thus, public regulation or nationalization could thereby be deemed redundant in the face of AT&T's transformation into a truly "democratic corporation."

Given the preservation of the company's private monopoly without significant political interference and its maintenance of favourable public opinion during this period, AT&T's use of public relations and advocacy advertising to quell popular demands for regulation and government ownership has been characterized by many commentators as an unqualified success (Raucher, 1968, 80; Marchand, 1987, 134).[42] However, the best measure of AT&T's success was the degree to which other large corporations facing similar regulatory pressures emulated its public relations and advertising strategies. As Marchand observes, other corporations in the 1920s followed the lead of AT&T by publicizing their increasing number of stockholders as "a way of suggesting the identification of their interests with the public interest" (1987, 134). Marchand continues:

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[40] As Marchand notes, AT&T's advertising portrayed its "typical" shareholder as "mechanics, teachers and laborers as well as merchants and lawyers" as well as emphasizing that nearly half of its shares were owned by women (See Marchand, 1987, 131-133).

[41] As Both Raucher and Marchand reveal, AT&T's public statements on the egalitarian nature of its share ownership were misleading, if not duplicitous. The corporation failed to state that a little over 5 percent of stockholders owned 50.5 percent of the outstanding shares. (See Raucher, 1968, 79; Marchand, 1998, 79-80).

[42] AT&T's public relations activities were investigated by the Federal Communications Commission (FCC) in 1935. Despite revealing the massive extent of the corporation's public relations activities and investments in swaying public opinion, the FCC offered "relatively harmless" recommendations. Moreover, the apparent public indifference to the investigations was judged to be the result of the corporation's "tireless advertising and public relations campaign" (See Marchand, 1998, 86).

> AT&T's effective tactics for blurring the meaning of democratic ownership and control found many an imitator among corporations eager to evade the "curse of bigness." And the telephone giant might well have claimed an unacknowledged tribute in 1933, when the BBDO advertising agency, in explaining to a client how stockholder statistics might best be personalized, advised that "a plain ordinary citizen, *preferably a woman*, should present the case of the small investor (1998, 80).

Thus, the institution of 'corporate welfare' schemes – such as AT&T's – and the image of the benevolent corporation that went with it allowed for the privatization of workers' welfare under the auspices of the corporation rather than through the state or the union.[43] Furthermore, it provided a model of reform that pre-empted the need for legislative change, thereby undercutting the rationale for state intervention in corporate operations (Tone, 1997, 245-246). Indeed, as Michael Perelman has argued, the rhetoric of welfare capitalism contended that business, "left to itself, was the proper custodian of the nation's welfare" (2006, 143).[44]

By the middle of the 1920s, it appeared to American business that these vast public relations efforts had borne fruit. Labour radicalism and Progressive political attitudes had waned, while American business enjoyed unprecedented public approval (Tedlow, 1979, 25-26; Ewen, 1996, 215: Brecher, 1997, 159). Indeed, with American business clearly in the driver's seat *Harpers* magazine opined that "the overwhelming majority of the American people believed with increasing certainty that business men knew better than anybody else what was good for the country" (Cochran & Miller, 1961, 337). Edward Bernays, always the self-promoter, claimed this victory for public relations. "Public opinion is no longer inclined to be unfavourable to the large business merger," announced Bernays in 1928, "in the opinion of millions…mergers and trusts" were now seen as "friendly giants and not ogres" (Ewen, 1996, 215). Furthermore, this reversal of public opinion was viewed by Bernays as the direct result of public relations techniques, "to the deliberate use of propaganda in its broadest sense" (Ibid, 215). However, despite pronouncements of the 1920s as the "businessman's decade," American business' respite

[43] Brandes defines 'welfare capitalism' as "any service provided for the comfort or improvement of employees which was neither a necessity of the industry or required by law" (1976, 5-6).
[44] However, as Mike Davis cautions, the optics of happy employee consensus under welfare capitalism was undergirded by a "daily terrorism exercised by foremen and company security departments or even internal vigilante organizations" (Davis, 1986, 109).

from public hostility would prove short-lived (Tedlow, 1979, 25). With the end of the decade a new formidable challenge would confront American corporate power in the form of the Great Depression, and public relations would once again be called upon to defend American business from a renewed groundswell of popular agitation.

The Great Depression

The stock market crash of 1929 would augur an extended period of massive economic dislocation in the United States. As Buhite and Levy observe:

> Between 1929 and 1933 GNP fell from $103.1 billion to $55.6 billion…more than one hundred thousand American businesses failed, the total net profits of corporations dropped from $8.3 to 3.4 billion, and total industrial productivity fell off by 51 percent. From 1929 to 1932 the value of both American imports and American exports declined by more than two thirds (Cited in Ewen, 1996, 233).

Concomitant to this, the bottom fell out of the labour market. By 1931, over eight million were unemployed, with another four million in the following year. State and local agencies were becoming stretched to their limits in their efforts to provide relief and by the winter of 1932, “many public as well as private institutions had failed or were on the brink of total collapse” (Galambos, 1975, 222).

The devastating economic impact of the depression, coupled with the apparent inability or unwillingness of either business or the Hoover administration to reverse its advance led to widespread suspicion of not only business, but of the capitalist economic system itself (McElvaine, 1993; Fones-Wolf, 1994; Carey, 1995; Ewen, 1996). Historian Eric Hobsbawm captures the anxiety over the fate of capitalism at the time. “Probably for the first, and so far the only time in the history of capitalism” writes Hobsbawn, “its fluctuations seemed to be genuinely system-endangering” (Cited in Ewen, 1996, 288-289). Indeed, the opinion that the deprivations of the Great Depression would inevitably lead to the overthrow of capitalism unless immediate action was taken was fast becoming the new orthodoxy. Business leaders, politicians, journalists and labour leaders all sounded the alarm that the country was on the verge of revolution or revolt (McElvaine. 1993; Selfa, 2008). Familiar were warnings such as those from American Federation of Labor (AFL) president William Green who warned in 1931:

> When despite every effort to get employment, men and women find no opportunity to earn their living, desperations and blind revolt follow…Throughout the width of our country these seeds of unrest are lying ready to be quickened by the radical propagandists or other irresponsible leadership (Cited in McElvaine, 1993, 91).

Moreover, the sometimes glaring indifference of many American business leaders to the workers' plight during the initial period of the Great Depression only heightened public anger against a system many felt corrupt and unjust (Ewen, 1996, 234-235; McElvaine, 1997; 121-122).

However, even with the election of Franklin Delano Roosevelt (FDR) on a highly publicized (although initially modest) reform platform, the specter of open class revolt still hung over the country. Moreover, the massive strike wave that spread throughout the country in 1934 – including general strikes in Toledo, San Francisco and Minneapolis – seemed only to confirm these fears (Brecher, 1997; Selfa, 2008).[45] Due to the level of unrest throughout the country, many viewed Roosevelt's election as "the last opportunity to save capitalism and stave off revolution" (McElvaine, 1993, 135). John Maynard Keynes, in a 1933 letter to Roosevelt warned:

> You have made yourself the trustee for those in every country who seek to mend the evils of our condition by reasoned experiment within the framework of the existing social system. If you fail, rational change will be gravely prejudiced throughout the world, leaving orthodoxy and revolution to fight it out (Cited in Klein, 2007, 295).

Certainly this sentiment was shared *within* the Roosevelt administration as well. Rexford Tugwell, member of "FDR's Brain Trust," remarked during Roosevelt's inauguration; "on March 4th we were confronted with a choice between an orderly revolution – a peaceful and rapid departure from the past concepts – and a violent and disorderly overthrow of the whole capitalist structure" (Ewen, 1996, 237).

On the brink of crisis, corporate leaders, fearful of public hostility, trade union militancy, and the developing reform agenda of Roosevelt's "New Deal," quickly sought public relations counsel to develop a strategy to win back the public and ward off

[45] As Brecher documents, the massive labour unrest on the west coast, culminating in the San Francisco General Strike, invoked real fear that a revolt might sweep the country. According to one *Los Angeles Times* editorial, the general strike was actually "an insurrection, a Communist-inspired and led revolt against organized government" (Brecher, 1997, 174).

government intrusions into their operations.[46] The National Association of Manufacturers (NAM), once again at the forefront of these efforts, warned of the "new hazard facing industrialists" in the "newly realized political power of the masses." That power, the NAM cautioned, must be reversed and their thinking directed to more proper channels, or "we are definitely heading for adversity" (Chomsky, 1996, 84). At risk, the NAM warned was "the very foundation of the American system," which business must defend in the ultimate battle between "political management" versus "private enterprise" (Marchand, 1999, 203).

By 1932, the NAM had been reconstituted, representing many of the titans of American industry.[47] Following its reorganization, the NAM's public relations activities "became one of its most important functions, absorbing more time, effort, and money than all the other functions of the association put together" (Beder, 2006a, 15).[48] A new public relations campaign was launched in 1933. According to Gable, the tenor of the campaign was that "the capitalist system had to be acquitted of any blame for the depression. The 'cultivation of public understanding' was the strategic solution NAM proposed to cure the economic ills of the day" (1953, 264). That public hostility was the result of misunderstanding, or the inability of business to "tell its story," would be a recurring justification for the reliance on public relations (Tedlow, 1979, 62; Marchand, 1999, 202-203). As Fones-Wolf argues, "convinced that industry's problems were primarily the result of public misunderstanding, these companies and organizations engaged in an array of public relations activities in an effort to restore America's confidence in corporate leadership and the free enterprise system" (1999, 221). Implicit in these explanations was the recurrent democratic realist notion that the public were "emotional, irrational and fickle;" unable to recognize their own interests and thereby

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[46] Ferguson maintains that efforts to stifle New Deal reforms were carried out primarily by the more protectionist and labour-intensive elements of American industry. However it is interesting to note that some of the corporations that he labels as more amenable to New Deal reforms (such as Standard Oil), were also members of the National Association of Manufacturers (1989, 21).

[47] A short list of NAM members and contributors in 1932 included AT&T, Colgate-Palmolive, DuPont, General Motors, Eastman-Kodak, General Foods, IBM, Johnson & Johnson, Monsanto, Proctor & Gamble, Standard Oil and Westinghouse Electric (See Beder, 2006a, 14-15). However it should be noted that while the principal NAM membership consisted of the largest of American corporations, the NAM's public relations efforts were joined and disseminated through other, smaller business organizations such as local chambers of commerce and fraternal organizations like the Rotary Club (See Ewen, 1996, 321).

[48] The NAM's budget for public relations increased from a mere $36,000 in 1934 to $793,000 by 1937, representing 55 percent of the association's total income (Fones-Wolf, 1994, 25).

susceptible to “demagogic anti-business propaganda” (Marchand, 1999, 206). Thus, once business began properly communicating the advantages of the system, the public would come to their senses. To accomplish this, the NAM “sought to sell free enterprise the way Proctor & Gamble sold soap” (Tedlow, 1979, 63).

Indeed, “re-educating” the public as to the superiority of the American free enterprise system would be an integral facet of the NAM’s public relations campaign. As Beder documents, the American economic system in the NAM’s public relations materials was portrayed as being just and delivering equal opportunity to everyone. It represented capitalism as inherently democratic and promoting social harmony through the pursuit of profit:

> The customer has become the real Chairman of the Board of every progressive enterprise…The public really determines the wages that can be paid. The fact is that all of us pay each other’s wages. American business cannot be separated from America…American business is our business…business is not a separate class…it simply represents an extension of the public will, and the interests of management and of ordinary people are therefore identical. What hurts business hurts you (Cited in Beder, 2006a, 21).[49]

The notion of an underlying harmony between classes – perceived to be temporarily obscured by the propaganda of radicals and demagogues – pervades the NAM’s public relations material of the 1930s (Tedlow, 1979, 65; Ewen, 1996, 306; Beder, 2006a, 20). As Ewen suggests, an essential element in making this case was the “use of public relations techniques to provoke involuntary mental associations regarding the inter-relation and inseparability of the economic principle of free enterprise and the political principle of democracy” (1996, 306). Through the conflation of free enterprise with democracy, any attempt to curtail the former, would inevitably restrain the latter. Thus, the task for the NAM as outlined at a 1939 conference was to “link free enterprise in the public consciousness with free speech, free press and free religion as integral parts of democracy” (Ibid, 306). Through this equation, New Deal attempts to regulate or interfere in the workings of industry could be labeled an assault on democracy and freedom, and thereby decidedly “anti-American.” As Tedlow observes, according to the

[49] The NAM was not alone in attempting to portray private corporations as public institutions. Adolph Berle’s and Gardiner Mean’s much celebrated *The Modern Corporation and Private Property* published in 1933 also argued that corporations should no longer be viewed as ‘private property’ but rather as ‘public or quasi-public institutions’ (See Roelofs, 2003, 29).

NAM, “freedom was indivisible; it could not be subtracted from enterprise without also taking it from speech, press, and religion” (1979, 65).

In order to reach as wide an audience as possible with the “free enterprise message,” the NAM’s public relations directors used every conceivable medium of communications at their disposal. The NAM disseminated their message through editorials, radio programs, motion pictures, film strips, paid advertisements in newspapers and magazines, outdoor billboard advertisements, direct mail, displays for schools and plants, clipsheets for plant publications, a speaker’s bureau, comic books, and foreign language publications (Tedlow, 1979, 64; Beder, 2006a, 15-17).[50] As Fones-Wolf suggests, radio would become a particularly enticing medium for corporate public relations during this period. In the thirties, networks began encouraging companies to use radio as a public relations tool. Broadcasters offered radio as the “first line of defense” against “radicals stirring up criticism of big business.” Exploiting fears about the future of the free enterprise system, NBC urged industry to “campaign for public favor as never before” (1999, 225).[51] Indeed, the NAM’s radio program *American Family Robinson,* which taught laissez-faire economic lessons and argued vehemently against the New Deal, was the most expensive part of the association’s public relations budget (Ibid, 230).[52]

It should be emphasized that much of these public relations efforts were, as before, purposively disguised so as not to reveal the NAM as its true source. Beder notes that the NAM’s prepared editorials, columns, cartoons, news articles, billboards, and radio programs, “which reached millions of people, were presented as originating with newspaper staff or independent individuals” (2006a, 18). Indeed, the La Follette Senate Committee in 1939 described the NAM’s public relations campaigns as:

> Blanket[ing] the country with a propaganda which in technique has relied upon indirection of meaning, and in presentation of secrecy and deception. Radio speeches, public meetings, news cartoons, editorials, advertising, motion pictures

[50] For a detailed list of the NAM’s public relations materials during this period see Beder, 2006a, 15-17.
[51] The NAM was not the only business group to employ radio in its efforts to win the public over to the doctrines of free enterprise during this period. Fones-Wolf also documents its use by Ford, DuPont, and “The Crusaders,” an organization of conservative business leaders with backing from General Motors, Nabisco, Heinz, Sun Oil and Standard Oil, for this purpose (1999, 230).
[52] According to Fones-Wolf, within six months of its initial airing *American Family Robinson* was broadcast by 207 radio stations. By the late 1930s almost 300 stations carried the fifteen-minute program. (1999, 230).

> and many other artifices of propaganda have not, in most instances, disclosed to the public their origin within the Association (Carey, 1995; 24).

The Senate Committee further dismissed the NAM's 'economic public education' efforts as nothing but "a propaganda barrage, pure and simple" (Tedlow, 1979; 71). The Committee's conclusions encapsulate the motives and actions of the NAM throughout the decade:

> Unnerved by the impact of the depression, apprehensive of the growing strength of labor, enraged at critics of the failures of business and rejecting almost *in toto* the devices of the new administration in Washington to find solutions to the problems it inherited in 1933, the leaders of the association resorted to "education," just as they had done in 1903-08, and 1912-21 …They asked not what the weaknesses and abuses of the economic structure had been, and how they could be corrected, but instead paid millions to tell the public that nothing was wrong and that grave dangers lurked in the proposed remedies (Ibid, 71).

Despite the prodigious public relations apparatus constructed by American business during this period, its overall success in moving public opinion has been deemed questionable (Tedlow, 1979, 69; Ewen, 1996, 321).[53] While perhaps self-serving, NAM president Robert Lund did claim the campaign had helped shift a significant portion of the American public to the business cause:

> This program five years ago, initiated a new era and a new formula in public contact by industry, that in volume of publicity the campaign has totaled more than all other similar programs combined, that it has continually - day by day and week by week – expounded to millions of people a certain set of principles, and that millions of our people believe today in these principles who did not five years ago (Beder, 2006a, 22).

In spite of Lund's optimism, it is evident that contrary to the efforts of business, the New Deal era reforms and the FDR administration proved vastly popular with the American people. Moreover, much of the American public was increasingly content to entrust their economic security to the union or the government, rather than the private corporation (See McElvaine, 1993, 196-223; Fones-Wolf, 1994, 17-18). Indeed, a 1935 *Fortune* magazine survey found a substantial majority of employees convinced that the

[53] However the NAM's efforts were enormously successful for the profession of public relations insofar as they facilitated the institutionalization of public relations as a "permanent fixture in the American corporation," and introduced its importance to a "wide audience of businessmen" (See Tedlow, 1979, 73).

government should “assume responsibilities never seriously contemplated prior to the New Deal” (Fones-Wolf, 1994, 17). Moreover, with many of corporate America’s employee welfare programs terminated or curtailed as a result of the Great Depression, arguments that the private sector could ensure America’s economic and social needs increasingly fell upon deaf ears (Brandes, 1976, 142; Davis, 1986, 109-110; Fones-Wolf, 1994, 88; Marchand, 1999, 216; Perelman, 2006, 168).[54] Indeed the growing tendency among the American public to favour activist government and union membership would continue to haunt American business leaders well after the ravages of the Great Depression and the turmoil of the Second World War.

Post World War Two

With the onset of the Second World War, American business’ battered public image began a belated recovery.[55] As Ewen recounts:

> The reputation of big business began to improve and the corporate role in the defense of democratic principles gained increasing notoriety. Stark social disparities – which throughout the thirties had preoccupied the nation’s attention – began to fade from public view as the federal government, giant enterprises, and the vast majority of the American people discovered common ground in a prodigious struggle to save the world from fascist aggression (1996, 339).

Indeed, by the time of the war’s conclusion, many business commentators were convinced that American business would reclaim the authority and goodwill it had garnered during the 1920s (Ibid, 340). However, despite this optimism, others were not so convinced that business had completely exorcised its past demons, and that the experience of the war actually harbored a renewed threat to corporate legitimacy and the free enterprise system itself.

While the experience of the war had demonstrated America’s productive might, it accomplished this feat within the context of government planning, regulation and regimentation. Many business leaders feared that the public would favour an expansion

[54] While many historians characterize the 1930s as a state of permanent decline for corporate welfare practices, Fones-Wolf observes that some companies *did* continue to offer welfare, though many discontinued their more expensive programs and in some instances had them appropriated by their unions (Fones-Wolf, 1986, 235-237).

[55] The NAM did continue its public relations campaign throughout the war. However, as Fones-Wolf argues, the association halted its outright attacks on New Deal liberalism, and pursued its campaign “in more muted, subtle terms” (Fones-Wolf, 1994, 27).

of the New Deal and view increased government intervention in the economy as key to continued prosperity in peacetime (Fones-Wolf, 1994, 26; Beder, 2006a, 23). Indeed, General Motors vice-chairman Donaldson Brown perceived this threat a mere six months after the attack on Pearl Harbor, opining that the "public has not come to distinguish between the necessity of centralized planning and regimentation in time of war, and the exercise of corresponding functions on the part of government in the time of peace" (Fones-Wolf, 1994, 26). With the conclusion of the war, these fears were only heightened. In 1946, the vice-president of Westinghouse warned that he found "no clear demand by the American people, or program from the Washington administration, for returning to the tested principles and practices of free private enterprise" (Ibid, 35). Opinion polls during this period seemed only to confirm the misgivings of these business leaders. Surveys showed that some 70 percent of workers believed that the government should ensure full employment with a substantial number advocating government ownership and controls on the economy (Fones-Wolf, 1994, 36; Beder, 2006a, 24). Moreover, the post-war period was greeted by a massive strike wave as American business sought to restore its profits and authority over the shop-floor (Brecher, 1997, 244-248).

Indeed the first six months of 1946 marked what the U.S. Department of Labor Statistics called "the most concentrated period of labor-management strife in the country's history," with 2,970,000 workers involved in strike action during this period (Ibid, 246). Polls of the time vividly captured the level of business anxiety during this period of unrest, with 60 percent of business executives fearing "a real threat in the Socialistic trend," and an even higher percentage advocating for a renewed campaign to "sell free enterprise to the American people" (Beder, 2006a, 24). Public relations and advertising agencies, eager to assist in these efforts, offered a series of dire predictions that only compounded the anxieties of business. As one public relations firm warned, "our present economic system, and the men who run it, have three years – maybe five at the outside – to resell our so-far preferred way of life as against competing systems" (Fones-Wolf, 1994, 37).

To combat the collectivist orientation of the public, American business would once again look to public relations to defend the free enterprise system. However, while many of the tactics employed closely resembled that of the past, the level of corporate cohesion and commitment to the "free enterprise" strategy would dwarf that of prior efforts. As Griffith observes, while the corporate community differed widely "among themselves on such important questions as international trade, labor relations and the role of the state, they nevertheless shared a common commitment to halting the more radical features of the New Deal, such as public power, progressive taxation and pro-consumer regulation, and preserving the autonomy of corporate enterprise" (1983, 388-389). Moreover, while the free enterprise campaign was backed by past business advocates like the NAM and the U.S. Chamber of Commerce including relative newcomers like the Committee for Economic Development (CED),[56] it was also joined by a whole host of newly created business advocacy groups and other "patriotic" organizations (Griffith, 1983, 389; Fones-Wolf, 1994, 38; Fones-Wolf, 1999, 244; Beder, 2006a, 25).[57]

The combined efforts of these organizations in "selling the free enterprise system" would be unprecedented. Moreover the mass conversion of public opinion that the business community sought to achieve through this undertaking was breathtaking in its ambition. As Fones-Wolf argues:

> The business community...sought not only to recast the political economy of post-war America, but also to reshape the ideas, images, and attitudes through which Americans understood their world. Employers wanted support for the belief that economic decisions should be made in corporate boardrooms, not legislative chambers. Prosperity was to be achieved through reliance on individual initiative and the natural harmony of workers and managers inherent in business's interpretation of the free enterprise system (Cited in Beder, 2006a, 25).

While it is impossible to fully recount the massive public relations efforts by American business during the Post-war period, a brief survey of the public relations output of business during this time can illuminate the Herculean scope and range of this battle for American public opinion.

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[56] It should be emphasized that the CED differed in its attitude to New Deal reforms in comparison with other business associations. As Blyth documents, the CED was more concerned with the long-term viability of capitalism, and was critical of pure *laissez-faire* solutions in favour of moderating potential economic reforms to the benefit of American business (See Blyth, 2002, 90-95).

[57] Fones-Wolf observes that between 1945 and 1947, a number of new organizations emerged "with the purpose of aiding the business community in restoring American values." These included the Foundation for Economic Education; the Industrial Information Institute; the American Heritage Foundation and the Advertising Council (1994, 37-39).

While corporate public relations efforts during this period did focus on single issues of concern to business such as the elimination of the Office of Price Administration (OPA), the Full Employment Bill and the push to pass the anti-labour Taft-Hartley Bill, the most extensive and sustained use of public relations was directed towards economic education of the public in order to re-apprise them of the benefits of capitalism (Griffith, 1983; Fones-Wolf, 1994; Carey, 1995; Beder, 2006a).[58] As before, business viewed its deteriorating position in the eyes of the American public as a matter of misunderstanding. Once again, the supposed irrationality of the public and its naïve susceptibility to demagogic appeals was perceived by many business leaders as the primary rationale for a renewed economic education campaign. Characteristic of this sentiment were the opinions of the Advertising Council, which alone marshaled more than $100 million in corporate donations for the economic education effort.[59] According to Robert Griffith, the Council feared that the American people, possessed of "an emotional hostility toward business," would demand public policies that might impair the system itself:

> Mistrustful of the untutored responses of ordinary citizens, the Council feared that Americans did not truly understand the economic system, that they could be "misled by exaggeration of its faults" or "be made to forget its benefits" by propaganda attacks "from within and without" (1983, 395).

Council Chairman Charles Mortimer Jr. further warned, "if the national information job is badly done, the national decision may be tragically wrong" (Ibid, 395).

Relying on many of the same themes as the past, the public relations push to reeducate the American people as to the superiority of capitalism would resort to red-baiting techniques through the demonization of labour and liberal reforms as inherently "socialistic," while conflating laissez-faire style free enterprise with democracy and freedom (Marchand, 1987; Fones-Wolf, 1994: Carey, 1995; Beder, 2006a). Not

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[58] For a detailed examination of the public relations efforts against the OPA see Carey, 1995, 33-35. For the Full Employment Bill, see Fones-Wolf, 1994, 33-35. For Taft-Hartley see Fones-Wolf, 1994, 42-44; Gable, 1953, 270-273.

[59] According to Beder, the Council received an "unprecedented amount of money from business" toward the campaign, with $100,000 donations from General Foods and General Electric and supporting contributions from General Motors, IBM, Johnson & Johnson, Proctor & Gamble, BF Goodrich and Republic Steel (2006a, 33).

surprisingly, the NAM was once again at the forefront of these efforts. A Harvard University study describes the NAM's public relations activities in 1946 alone:

> All available media were used to arouse the general public to insist that the country replace bureaucratic control with free competition. A series of four full page advertisements in more than 400 daily and 2000 weekly newspapers carried the opening message…Special articles were written for magazines, business periodicals and farm papers; the Association's Industrial Press Service carried a steady stream of statements and answers to 4,200 editions of weekly papers, 500 editors of metropolitan dailies and 2, 700 editors of trade publications and employee magazines. "Briefs for Broadcasters" told the [NAM's] story to 700 radio commentators, and "Industry's Views" channeled the Association's beliefs to more than 1, 300 editorial writers and columnists (Cited in Carey, 1995, 28).

The NAM also sought to influence the curriculum within American schools and colleges, distributing posters, pamphlets, motion pictures, a monthly magazine and offering speakers, factory tours and educational training courses for teachers (Beder, 2006a, 49-50). However, as previously stated, the NAM was not alone in this push to re-orient American public opinion. Between 1947 and 1950, the aforementioned Advertising Council had publicized the free enterprise message in over 13 million lines of newspaper advertising, over 600 pages of magazine ads, 300,000 car cards, 8,000 billboards and 1.5 million pamphlets (Fones-Wolf, 1994, 51). As part of its "plant-level programs" the Council, through its corporate members, estimated it had graduated nine million employees through its "evangelical anti-union, anti-government courses on 'economic education' within a three year period" (Beder, 2006a, 34). Moreover, through its employee education programs, combined with community relations programs and advocacy advertising, the Council estimated that it had reached approximately 70 percent of the U.S population with its free enterprise message (Ibid, 34). Further material was contributed by the U.S. Chamber of Commerce, which estimated that through its Economic Education and Economic Research programs, it had distributed more than one million pamphlets on Communist subversion in the United States, reaching "Congress, the public via radio and television, and widely circulated among writers, speakers, students, and teachers" (Carey, 1995, 29).

By the end of the decade, the combined output of corporate public relations designed to sell the free enterprise system would be truly impressive. Daniel Bell, then editor of *Fortune*, commenting on the campaign remarked:

> The apparatus itself is prodigious: 1,600 business periodicals, 577 commercial and financial digests, 2,500 advertising agencies, 500 public relations counselors, 4,000 corporate public relations departments and more than 6,500 'house organs' with a combined circulation of more than 70 million…By all odds it adds up to the most intensive 'sales' campaign in the history of industry (Cited in Carey, 1995; 30).

Moreover, William Whyte also an editor at *Fortune*, estimated that by the end of the decade corporations were spending upwards of "$100 million annually to sell free enterprise to the American people" (Griffith, 1983, 389). Summing up the intent of the campaign, Bell observed:

> It has been industry's prime concern, in the post-war years, to change the climate of opinion ushered in by the depression. This 'free enterprise' campaign has two essential aims: to re-win the loyalty of the worker which now goes to the union and to halt creeping socialism [i.e. The New Deal]…In short the campaign has had the definite aim of seeking to shift the Democratic majority of the past twenty years into the Republican camp (Cited in Carey, 1995, 30).

However, as in previous campaigns business believed it had to do more than simply discredit and demonize its opposition, it also had to demonstrate to the public that it was the true repository of prosperity and security for the American people. The renewal of welfare capitalism during this period would seek to accomplish just this aim.

As has been established, American business was increasingly concerned that the public had been seduced by collectivist ideologies that advocated a greater role for government in the maintenance of economic security. The popularity of New Deal liberalism was viewed as a threat to the prerogatives of corporate power and attacked vehemently as an instance of "creeping socialism." While this attack was underway, elements of American business also argued that it was necessary to renew welfare capitalism in order to pre-empt calls for further government intervention by positively demonstrating industry's social responsibility (Fones-Wolf, 1986; Fones-Wolf, 1994; Ewen, 1996). Public relations practitioners also shared this belief, advocating a system of welfare capitalism in order to reintegrate the corporation "into the basic aspirations of the people" and to "arrest and incapacitate the vexing incursions" of the welfare state (Ewen, 1996, 361). Edward Bernays argued that the Great Depression had altered the thinking of most Americans and it was therefore incumbent upon business to reorient themselves as "social as well as economic institutions" (Ibid, 361). Ewen succinctly summarizes the purpose of this strategy:

> The idea that the federal government was the prime vehicle for taking the "initiative on social matters" would have to be contested head on…as government activism was rolled back, it would also be necessary to institute corporate social policies that offered meaningful alternatives to the public initiatives of the New Deal (Ibid, 364).[60]

Indeed the post-war era witnessed a virtual explosion of corporate welfare practices as 1920s-style initiatives like employee profit-sharing, expanded benefit plans; plant beautification and industrial recreation were established with renewed vigour (Fones-Wolf, 1986; Fones-Wolf, 1994). To assure the public was well aware of this display of corporate beneficence, the NAM advised a continuous "selling job of how well the employee is being treated" (Fones-Wolf, 1994, 90). By publicizing its socially responsible practices, business hoped to send the public a clear political message; that corporations could provide for their worker's security and prosperity and that "New Deal innovations of industrial unionism and the welfare state were unnecessary aberrations" (Ibid, 87). Indeed, as Ewen argues, the renewed emphasis on private welfare capitalism hoped to offer a "surrogate model of social progress, one that advertised a future of universal well-being, sustained by the benevolence of unencumbered private corporations" (Ewen, 1996, 369-370). Unstated, but implicit in these appeals was that the private corporation, rather than government or the trade union, was the true guarantor of the public good.

While it is difficult to assess the ultimate efficacy of these post-war public relations campaigns, many authors point to certain indicators that suggest it had a sizeable impact upon American public opinion. Many commentators view the implementation of Taft-Hartley as a substantial victory for business over the burgeoning

[60] Public relations were used to accomplish both sides of this strategy; to discredit public initiatives while touting parallel private corporate efforts. This was most evident in the campaigns to scuttle socialized medicine and public housing initiatives in the post-war period (See Marchand, 1987; Ewen, 1996).

power of the trade union movement and as an indication of the success of the "free enterprise" campaign (Gable, 1953; Fones-Wolf, 1994; Carey, 1995: Beder, 2006a).[61] Indeed, the eventual legislation adopted was virtually identical to the proposals of industry (Gable, 1953; Carey, 1995). The ability to enact the repressive anti-union features of Taft-Hartley was viewed as contingent upon public disfavour against the labour movement. As Bell observes, "public opinion however muddled, was the force which backed the new curbs on unions enacted in the post-war years" (Cited in Carey, 1995, 31). The NAM concurred, confident that its "public relations programs were responsible for the enactment of the law" (Gable, 1953, 273). Certainly the public image of labour suffered a dramatic reversal between 1945 and the beginning of the 1950s. Evaluating the effects of industry's public relations campaign, Beder concludes that:

> All this campaigning seemed to pay off as the balance of public opinion shifted from organized labour to business. By 1950, most people, particularly the middle classes, had come to accept big business as an essential part of American life. A 1951 poll found that 76 percent of those asked approved of big business compared with ten percent who disapproved (2006a, 59).

Similarly, the editors of *Fortune* also perceived a fundamental change in the public's attitude, praising the "permanent revolution" in labour-management relations while opining, "never have left-wing ideologies had so little influence on the American labor movement as they have today" (Ewen, 1996, 371). Moreover, the hardening of the Cold War and the specter of McCarthyite anti-communism only further tainted the public image of the unions; to the point that even a million-dollar public relations campaign by organized labour in 1953 failed to reverse its deteriorating reputation (Fones-Wolf, 1994; Beder, 2006a). "The labor movement," Fones-Wolf concludes, "could never match the resources available to the leaders of American business. As a result, the political and cultural landscape of the postwar era was increasingly dominated by the images and ideas produced by a mobilized business leadership" (1994, 287). Attendant to labour's declining fortunes was the ascendance of American business in the eyes of the public. As

[61] The amendments enacted in Taft-Hartley added a list of prohibited actions, or "unfair labor practices", on the part of unions to the National Labor Relations Act, which had previously existed to monitor abuses on the part of employers. The Act prohibited jurisdictional strikes, secondary boycotts and *common situs* picketing, closed shops, and monetary donations by unions to federal political campaigns. Union shops were heavily restricted, and states were allowed to pass "right-to-work" laws that outlawed union shops. See Peter Rothberg, "Redressing Taft-Hartley." *The Nation*. June 14, 2007.

Beder notes, by 1955 studies showed that business had reclaimed its position of authority in the views of the people, with majorities surveyed agreeing that:

> [T]he interests of employers and workers were the same, and the vast majority of Americans said they approved of large corporations. They were now more concerned about Big labour and Big government than about Big business (2006a, 59).

As Fones-Wolf suggests, while polls can never quite capture the shifting attitudes of the public, they nevertheless indicate a substantial conversion of public attitudes in the 1950s from the "more collectivist attitudes" emblematic of the 1930s to "the older value system of individualism" (1994, 287). While the degree to which industry's public relations campaigns affected this change in attitudes cannot be accurately measured, the stated mission and aims of American business's "free enterprise" campaign appear to have been ultimately successful. In a distinct reversal of fortune, the alternatives to private economic power - trade unions and government - were increasingly viewed by the American public with a skepticism and cynicism previously reserved for American business (Griffith, 1983; Fones-Wolf, 1994; Ewen, 1995; Beder, 2006a).

While the 1950s did not witness the end of American business's public relations efforts, the urgency with which they were deployed in the post-war period abated as rising prosperity buoyed industry's reputation and the national political mood became decidedly conservative (Marchand, 1987, 150; Fones-Wolf, 1994; 285). Indeed, business would reign ideologically supreme until the late 1960s and early 1970s when a new democratic threat to the free enterprise system would shake corporate leaders from their satisfied complacency.

However, before proceeding it is necessary to make some sense of the historical events previously enumerated and what they explain about the nature of American corporate power and the role of public relations in defending that power. As the above suggests, public relations became institutionalized as the preferred corporate response to periodic crises of legitimacy over the fifty-year period thus far documented. Moreover, the size and scope of corporate-initiated public relations campaigns grew in complexity and volume as the public relations function proved its worth to corporate interests.

We have also witnessed the incipient beginnings of CSR in the corporate welfare schemes employed throughout the period. Moreover, we can see that these early attempts at CSR were intimately related to the corporate community's public relations goals of deflecting democratic challenges to their power. As with contemporary CSR, these efforts were designed to showcase the social responsibility of the corporation in order to convince governments and publics alike that the corporation was a benevolent institution that required no outside interference to achieve certain social goals. In addition, the appropriation of democratic rhetoric as a means to legitimate the corporation as an institution whose goals were aligned with that of the democratic project, while simultaneously maligning corporate critics as enemies of freedom and democracy, will be a tactic we will see deployed again and again throughout the course of this study. Indeed, this tactic of attempting to align the general interest with the particular interest of the corporation will be a theme to which we will return.

Also, we must be cognizant of the degree of business class-wide cohesion that these early public relations campaigns demonstrated. While careful not to suggest that corporate interests are homogenous, it is important to note how in times of acute crisis, a broad coalition of corporate actors can draw together to defend against a mutually perceived threat. Indeed, the historical evidence would seem to confirm Miliband's observation that corporate differences "occur within a fairly narrow conservative spectrum of agreement which precludes major conflict. Business, it could be said, is tactically divided, but strategically cohesive; over most of the larger issues of economic policy; and over large national issues as well, it may be expected to present a reasonably united front" (1991, 141). As this chapter suggests, while there did exist differences over tactics, American business displayed a great deal of unanimity in its desire to both denude the power of the labour movement and staunch further state interventions into the private economic sphere.

It also needs to be emphasized that these public relations campaigns were not always successful in their attempts to sway policy-makers and the public. Efforts to defeat the New Deal coalition and the institution of the post-war social contract ultimately proved unsuccessful as the programs and policies associated with these events remained quite popular with the public. While perhaps successful in eliminating some of the more radical proposals during this period, the corporate community would ultimately have to concede a place for both an active welfare state and the labour movement within the American political economy (Bowles & Gintis, 1986). As we will see however, this would not be a concession that would remain uncontested. Nevertheless, what should be emphasized here is that despite the overwhelming communicative power of corporations and the persuasive – and sometimes deceptive – character of corporate public relations, these techniques do not constitute an ideological hypodermic needle that magically produces a compliant public opinion. Certainly the continuing popularity of the New Deal in the face of such massive corporate campaigning is evidence of this. That being said, it would also be derelict to suggest that these techniques have *no* definitional or ideological power. While the ultimate focus of this study is not to measure the audience effects of public relations or CSR, I would submit that the historical record demonstrates the contingent and contradictory nature of media effects, as the degree of influence of these public relations campaigns on American public opinion would appear to rely on a whole host of variables that are beyond the purview of the current study to investigate. However, in this regard, I would agree with the Glasgow Media Unit, who powerfully demonstrate that:

> The complex processes of reception and consumption *mediate*, but do not necessarily *undermine*, media power. Acknowledging that audiences can be 'active' does not mean that the media are ineffectual. Recognizing the role of interpretation does not invalidate the concept of influence (Kitzinger, 1999, 4).

Certainly, it would seem rather absurd to continually deploy so much in the way of resources and organization to influence public opinion if these techniques did not demonstrate a certain degree of effectiveness. Yet, we should also be cognizant that corporate messages can be deconstructed and resisted, and that they do not constitute a monolithic form of propaganda to which audiences can only surrender (See Pfau *et al*, 2007). However, as Justin Lewis suggests, while public relations campaigns may make "only small dents in general patterns of public opinion," they are very often deployed at key moments and in contexts that tend to "maximize their political significance" (2001, 129).

Lastly, we should be cognizant that corporate campaigns are not always interested in affecting the whole of public opinion. They can singularly target policy-makers, investors or other corporate actors as well (Davis, 2000; Grimshaw, 2007).[62] Thus, even if public attitudes seem uninfluenced by a corporate PR or CSR campaign, we must keep in mind that the public may not be the intended target of these communications (Carey, 1995; Davis, 2000; Miller & Dinan, 2008). With these themes and qualifications in mind, we can now proceed to the next important historical period in the development of public relations and CSR.

[62] Indeed there exist a wealth of public relations sub-specialties, such as investor relations, government relations and community relations, designed to target specific publics of consequence to corporate interests (See Grimshaw, 2007).

Chapter Four

"Democracy in America is working all too well:" Corporate Public Relations, CSR and the Crisis of Democracy in the 1970s

The purpose of this chapter is to illustrate the historical continuity of corporate public relations responses to potential democratic threats into the 1970s, a period of acute crisis for American corporations, in both the domestic and international sphere. Moreover, the chapter will situate the emergence of CSR as an identifiable management strategy to address this crisis of corporate credibility within the expanding role and functions of corporate public relations initiated during this period; most importantly being the belief that CSR could act as a means to manage or even *pre-empt* challenges to corporate power. The period is crucial to the development of CSR as many of the techniques and strategies deployed in the present day originated in the 1970s. It is therefore incumbent for any understanding of CSR to analyze the historical, political and economic context in which it first emerged in order to discern its phenomenal growth in our current conjuncture.

Despite the extended period of prestige enjoyed in the 1950s, American business would face a renewed crisis of legitimacy as the political and economic turmoil of the late 1960s and early 1970s seemed once again pregnant with the potential for popular democratic movements to curtail the power of the corporation. Of primary concern was the spectacular growth of social movements, beginning in the 1960s and gaining power into the 1970s, whose demands were perceived to be inimical to corporate interests (Chomsky, 1981; Beder, 2002; Nace, 2005). Concomitant to this was the increasing militancy of rank and file union members, which resulted in forty percent of the American workforce involved in some form of strike activity between 1967 and 1973 (Parenti, 2001, 337). Moreover, much of this renewed worker militancy was characterized by spontaneous shop-floor resistance in opposition to union leadership, with wildcat strikes, slowdowns, absenteeism and acts of sabotage increasingly becoming the norm (Noble, 1995). By 1971, *Fortune* would warn its readership that management was "dealing with a workforce no longer under union discipline" (Cited in Noble, 1995, 26).

Business historian Archie Carroll, describing the period, writes that the late 60s and early 70s was a time "during which social movements with respect to the environment, worker-safety, consumers, and employees were poised to transition from special interest status to government regulation" (Cited in Rowe, 2005, 135-136). Indeed, this period witnessed an explosion of government regulation and legislation aimed at curbing the excesses of corporate behaviour as government appeared "no longer reluctant to enact laws that transformed general public expectations about business' responsibilities into specific legal requirements" (Ibid., 136). University of California business professor David Vogel, summarizing the extent of this transformation, writes:

> From 1969 through 1972, virtually the entire American business community experienced a series of political setbacks without parallel in the post-war period. In the space of only four years, Congress enacted a significant tax reform bill, four major environmental laws, an occupational health and safety act, and a series of additional consumer protection statutes. The government also created a number of important new regulatory agencies, including the Environmental Protection Administration (EPA), the Occupational Safety and Health Administration (OSHA), and the Consumer Product Safety Commission (CPSC), investing them with broad powers over a wide range of business decisions (1989, 59).

Attendant to this regulatory assault was a precipitous decline of public trust in American business. With the combination of rising unemployment and accelerating inflation, acute international competition squeezing profits, the OPEC oil shock and a growing environmental consciousness among the American public that put the blame squarely on private industry as the primary cause of ecological problems like air and water pollution, the reputation of American business plummeted to depths not seen since the 30s and 40s (Harvey, 2005, 14-15; Marchand, 1987, 150; Mitchell, 1989, 144; Vogel, 1989, 201). From 1968 to 1977, the percentage of Americans who agreed "that business tries to strike a fair balance between profits and the interests of the public" dropped from 70 percent to 15 percent (Nace, 2005, 137). Similarly, a Harris poll conducted over roughly the same time span registered that the percentage of the American public who had 'great confidence' in major corporations fell from a high of 55 percent down to 16 percent (Beder, 2006a, 65).

Certainly, the sense that industry was under assault from both government and the public pervades business commentary during this period. In response, American business leaders would indict democracy as the prime suspect for their flagging fortunes. If not the first, the most infamous business-oriented condemnation of democracy in the United States would come from the Trilateral Commission and their 1975 study *The Crisis of Democracy.* The Commission, formed by David Rockefeller and Zbigniew Brzezinski in 1973 in response to the series of crises facing the international capitalist system represents some of the most powerful political and business leaders from the United States, Canada, Europe and Japan (Dobbin, 1998, 159; Beder, 2002, 111). Indeed, as Murray Dobbin notes, initial funding for the Commission came from "some of the elite of the American corporate world – General Motors, Sears Roebuck, Caterpillar Tractor, Exxon, Texas Instruments, Coke, Time, CBS, Wells Fargo Bank – as well as numerous foundations, with the Ford Foundation putting up $500,000 and the Rockefeller Fund $150,000" (1998, 159-160).

Though not solely concerned with the United States, the Commission detected an insidious trend within most advanced industrial liberal democracies. According to the Commission's report, Western political systems were suffering from an "excess of democracy" as "previously passive and unorganized groups in the population, blacks, Indians, Chicanos, white ethnic groups, students, and women now embarked on concerted efforts to establish their claims to opportunities, positions, rewards and privileges, which they had not considered themselves entitled to before" (Shields, 1990, 155; Dobbin, 1998, 162). Democracies had become "burdened with overactive minority group representation, too much emphasis on welfare provisions, too much protection of workers, a top-heavy public bureaucracy, and too many critics in academia and the media" (Marchak, 1991, 106). The result was an "inability to govern," as addressing the demands of the citizenry would require a radical redistribution of resources beyond the limits of what capital was prepared to concede (Chomsky, 1981,161).

Certainly, American business leaders shared the Commission's conclusions. A Conference Board survey of 360 business executives during this period illustrates the palpable fear on behalf of business that democratic encroachments into the private sphere held the potential to undermine the capitalist economic system itself. As Silk and Vogel document, the executives who participated in the survey were "increasingly troubled about the apparent conflict between popular democracy and the traditional prerogatives of free enterprise" and perceived "an inherent conflict between a largely independent corporate sector able to pursue its own economic objectives on one side, and, on the other, a popularly elected government dominated by the vast number of voters who seek to realize their own aims, whether these cripple business or not" (1976, 30). As one executive offered: "One man, one vote has undermined the power of business in all capitalist countries since World War Two" (Ibid, 75).

Moreover, the authors of the survey note in terms that should now be familiar, that the problem as perceived by business, was one of *communication*, as an ignorant and uneducated public susceptible to demagogic appeals placed demands upon the economy that would ultimately undermine the free enterprise system itself. As one business leader opined, "the public really doesn't want to destroy the free enterprise system. They don't know what they are doing" (Ibid, 71). The overwhelming consensus among these executives was that for business to resolve this crisis, it needed to mount a concerted effort to roll back democratic aspirations and curtail the power of government. As Silk and Vogel describe, there were "frequent suggestions at the conference of business executives that the American political system would have to be 'reformed' to reduce the vulnerability of government to broad citizens' pressures" (Ibid, 75). In order to achieve these ends, the executives in the survey contend:

> [T]hat business interests would be better served if business began to play a more active role in identifying, and then helping resolve, policy issues before they become objects of political controversy. Business should try to structure political debates so that it is not invariably found on the side of the "opposition." It should plan an active, rather than simply a reactive, role in policy formation to enhance both its public image and political effectiveness (1976, 67-68).[63]

The notion that business had been on the 'defensive' for too long and needed to formulate a cohesive strategy in order to pre-empt popularly inspired legislation would become the

[63] It is interesting to note the degree of ideological unanimity between American business leaders and those from other countries during this period. A 1971 Conference Board survey of international business opinion entitled *Private Enterprise Looks at its Image*, documents virtually the same concerns among corporate leaders throughout most advanced western democracies (See Conference Board, 1971).

new orthodoxy among American business leaders during the 1970s. Nowhere was this sentiment so keenly expressed than in the now infamous Powell Memorandum.

The Memorandum, entitled "Attack on the American Free Enterprise System" written by future Supreme Court Justice Lewis Powell, was distributed as a confidential report to the business leaders of the U.S. Chamber of Commerce in 1971 (Levitan & Cooper, 1984, 20; Nace, 2005, 138; Harvey, 2005, 43; Beder, 2006a, 63). As Nace argues, the document is unique in that it formed "the seminal plan for one of the most successful political counterattacks in American history" (2005, 138). Anticipating the concerns of the Trilateral Commission and the executives of the Conference Board survey, Powell warned that the free enterprise system was under attack, beset from all sides: "from the college campus, the pulpit, the media, the intellectual and literary journals, the arts and sciences, and from politicians" (Cited in Rowe, 2005a, 140). To effectively combat this chorus of criticism, Powell urged the business community to collectively organize for the defence of the free enterprise system:

> Independent and uncoordinated activity by individual corporations, as important as this is, will not be sufficient. Strength lies in organization, in careful long-range planning and implementation, in consistency of action over an indefinite period of years, in the scale of financing available only through joint effort, and in the political power available only through united action and national organizations (Ibid, 140).

As if directly heeding Powell's counsel, American business would stage an unparalleled wave of political organizing during this period (Useem, 1984; Edsall, 1985; Vogel, 1989; Himmelstein, 1990; Beder, 2002; Nace, 2005; Rowe, 2005a). As Beder documents, businesses began to cooperate in a way "that was unprecedented, building coalitions and alliances and putting aside competitive rivalries" (2002, 17).[64] In the same vein, Useem argues that the 1970s witnessed an increasingly class-wide corporate outlook as those in the highest circles of corporate leadership recognized that "what divides them is modest compared to what separates them from those who would presume to exercise power over economic decisions from bases other than those of private economic power" (1984, 6). Indeed, the notion that American business needed to act collectively to ensure their

[64] The decade also witnessed spectacular growth in corporate lobbying of government, facilitated by the use of corporate political action committees (PAC) which grew from a mere 89 at the end of 1974 to 784 by 1978 (See Davis, 1986, 176; Vogel, 1989, 206-213; Blyth, 2002, 154-156).

mutual long-term self-interest under the increasingly hostile conditions of the 1970s is no better illustrated than in the creation of the powerful Business Roundtable in 1973. The Roundtable, originally consisting of the chief executives of the 196 largest corporations, functioned to imbue within its membership and the wider corporate community a greater concern for their collective interests as a whole (Ibid, 143-144; Harvey, 2005, 43).[65] As one Council member explained,

> The purpose of the Roundtable was to be much more catholic, not representing the banking industry nor the oil industry nor the steel industry, but representing the fundamental business climate in the United States and, in effect, the survival of the free enterprise system (Cited in Useem, 1984, 163).

Beyond the creation of the Roundtable, the decade witnessed a tumult of other business-inspired political organization, with the "creation of a constellation of institutions to support the corporate agenda, including foundations, think tanks, litigation centers, publications and increasingly sophisticated public relations and lobbying agencies" (Nace, 2005, 143).[66] As William Simon, former Secretary of the Treasury and head of the conservative Olin Foundation described, the goal was to create a "counter-intelligentsia in the foundations, universities and the media that would regain ideological dominance for business" (Cited in Beder, 2002, 19).

The public relations industry would not remain neutral in the corporate offensive to regain ideological supremacy. Many public relations practitioners shared the views of business that American democracy had become overburdened with special pleading by minority interests, resulting in a psychology of entitlement (Paluszek, 1977; Lindheim, 1980; Dardenne, 1980; Ewen, 1996). Philip Lesly, the editor of the influential *Public Relations Handbook*, wrote in 1974, "our whole society has grossly overbuilt its expectations of what can be achieved and provided." Reflecting the PR industry's historic distrust of democracy, Lesly continued:

[65] The financial power of the Roundtable should not be underestimated. As Mark Green and Andrew Buschbaum argue, "member companies of the Business Roundtable controlled $1,263 trillion in assets and produced $1,265 trillion in revenues in 1978; their collective gross revenues were equal to about one half of the GNP of the United States. If the Business Roundtable were a country, its GNP would be second only to that of the United States" (Cited in Blyth, 2002, 153).
[66] A short list of the associations and institutions created during this period would include; the Business Roundtable, Small Business Legislative Council, Pacific Legal Foundation, American Legislative Exchange Council, Heritage Foundation, Cato Institute, and the Institute for Educational Affairs (See Beder, 2002, 19; Nace, 2005, 142-144, Beder, 2006a, 115-118)

> This is a consequence of the extremism of “democracy” – never foreseen by the most visionary founders of our democratic society – that seeks to give a voice and a power to everyone on every issue and in the running of every institution, regardless of his (sic) merit in serving society or ability (Ewen, 1996, 407).

Similarly, C. Jackson Grayson, addressing the Seventh World Public Relations Congress in 1976 opined that Americans harbor concerns and insecurities that they feel “only big government can redress.” These include “unmet expectations in life, the sheer complexity of society and most social issues…and attitudes such as the marketplace doesn’t work, income distribution is inequitable, the environment is befouled, and social justice has not been achieved” (Cited in Paluszek, 1977, 56). In the face of these developments, Lesly argued that the task of public relations must be to “curtail Americans’ democratic aspirations” (Ewen, 1996, 408).

Once again the size of the corporate PR assault during the 1970s would be staggering. In efforts to defeat progressive legislation such as the Labour Law Reform Bill and the creation of the Consumer Protection Agency, umbrella business coalitions were created that hired public relations firms that “flooded Congress with simulated mail running to millions of letters and postcards attacking the power and legitimacy of organized labour,” while 329 pages of pre-fabricated editorials were “prepared and distributed to local papers country-wide” (Carey, 1996, 94).[67] The Business Roundtable and its allies hired public relations firms to “distribute canned editorials and cartoons to 1000 daily newspapers and 2800 weeklies” – much of which was published without indication of sources – in opposition to the Consumer Protection Agency (Ibid, 94).[68] However the largest campaign undertaken during this period would be the Advertising Council’s attempt to convert the public to economic conservatism through its national

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[67] It is important to note that business political organization through trade and industry associations – while allowing individual firms to exercise more influence – also serves a public relations function, particularly for firms that actively lobby against an issue but would rather not do so openly. For instance, a 1979 Conference Board survey quotes a prominent American retailer who states that it would be “disastrous” for his company, in public relations terms, to publicly oppose an increase in the minimum wage (See McGrath, 1979, 81).

[68] Patrick Akard considers the dissemination of these press materials – many of which were cited verbatim without acknowledgement of their source in the national press – as constituting the first corporate efforts in “grass-roots lobbying,” a public relations tactic that attempts to create the appearance of popular support or disdain for pending legislation (See Akard, 1992, 604).

‘economic education’ program.[69] Launched in 1976, the Council’s effort to impart the benefits of the free enterprise system to the American public was described as “the most elaborate and costly public relations project in American history” (Fones-Wolf, 1996, 289; Beder, 2006a, 64). Indeed, the multi-million dollar campaign included media advertisements, dedicated newsletters, films, teaching materials and training kits, booklets, point of sale displays, messages on envelopes, and flyers included with bank statements, utility bills and insurance premium notices. By its own estimates, the Council’s economic education material had reached over 46 million people by the end of the first year of the campaign alone (Lutz, 1977, 862). *Fortune* magazine described the campaign as a “study in gigantism, saturating the media and reaching practically everybody” (Carey, 1995, 89).

As Beder documents, the message of the campaign sought to juxtapose personal, political and economic freedom:

> [A]rguing that constraints on economic freedom were tantamount to reducing personal and political freedom and that those who sought to ‘intervene excessively in the play of market forces,’ however well intentioned they might be, posed a major threat to those freedoms. Criticism of the economic system amounted to subversion of the political system (2006a, 65-66).

Further support for the Council’s economic education efforts came from the United States Industrial Council (USIC), a coalition of 4500 companies employing over three million people. It employed radio broadcasts, national toll-free telephone lines, newspaper columns, economic research reports, pamphlets for professional groups and civic organizations, display posters; distributing three million pieces of literature each year designed to defend the free enterprise system. The U.S. Chamber of Commerce also aided in the effort, producing films, teaching materials and booklets on the economic system including a teaching package entitled “Economics for Young Americans” that included film strips, audio cassettes, lesson plans and texts on productivity, profits and the environment (Ibid, 70-72).

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[69] During this campaign, the Advertising Council was supported by the International Chamber of Commerce, the U.S. Chamber of Commerce and the National Association of Manufacturers, among many other business associations (See Hirsch, 1975, 66-67).

Certainly, schools, colleges and universities were viewed as particularly in need of corporate America's economic education programs due to their perceived anti-business, if not anti-capitalist bias (Beder, 2002, 16; Carey, 1995, 96). As Fones-Wolf suggests, the corporate campaign targeted the institutions of higher learning in order to "lay the scholarly and theoretical groundwork for a major shift in public policy favoring business" (1996, 289).

Accordingly, corporations became much more political in their university funding, endowing forty chairs of "free enterprise" between 1974 and 1978 in order to "promote business values to undergraduate students at colleges perceived to be liberal" (Beder, 2002, 19). By 1977, the Joint Council on Economic Education (JCEE) was funneling corporate money to some 155 university centres and 360 school district programs to promote instruction in the free enterprise economy (Beder, 2006a, 73). According to the Council for Financial Aid to Education, by 1978 there were approximately 100 programs linking corporations to campuses, and firms were spending upwards of $10 million to influence the teaching of business and economics in the nation's high schools (Vogel, 1989, 223).

All told, by 1978, an expert witness before a Congressional inquiry testified that American business was spending close to $US one billion per year on these sorts of public relations efforts (Carey, 1995; 89). While it is difficult to measure the effects of this massive public relations campaign on the psyche of the American public, there are nevertheless a few indicators that suggest its influence. By 1978, American business had clearly recaptured the political initiative, defeating many of the regulatory initiatives it had so ardently opposed. Vogel documents the wave of political victories business achieved by the late 1970s:

> Not only had it defeated much of the legislative program of both the public-interest movement and organized labor, including common *situs* picketing, the consumer protection agency, and labor-law reform, but it had succeeded in reversing some of the legislative defeats it had experienced earlier in the decade. Automobile emissions standards were reduced, the power of the Federal Trade Commission (FTC) and… OSHA was curtailed, energy prices were deregulated and corporate taxes were lowered (1989, 193).

While the corporate public relations campaigns of the 1970s cannot be deemed entirely responsible for this dramatic change in political fortunes, there is evidence to suggest that a decided shift in public attitudes contributed to the acceptance of this pro-corporate agenda. According to the Advertising Council's own polling, those who were aware of the Council's campaign had a "more positive attitude toward the economic system," and displayed "a more favourable attitude toward business," while registering "less desire for government regulation of economic activities" (Beder, 2006a, 68). Similar conclusions were reached by a 1977 Business Roundtable report:

> There is a strong correlation between people's attitudes toward big business and the amount of correct economic information they have. The higher they score on a test of basic economics, the more favorably they look at business organizations as a group (McDowell, Senn & Soper, 1977, 13).

Attitudes such as these were also documented by less partisan sources. Surveys conducted during this period, while still registering some distrust of corporate leaders, showed a measurable decline in the number of Americans who wished for more government control of the economy (Chase, 1979). Indeed the percentage of the public who thought that there was *too much* regulation of business rose from 22 percent in 1975 to 60 percent by 1980 (Beder, 2006a, 74).[70] Concomitant to this, the popularity of organized labour and workplace reform declined markedly. A 1978 Opinion Research poll demonstrated little public support for easing union organizing restrictions with fully 72 percent favouring right-to-work legislation and open shops. Moreover, a majority of Americans polled believed organized labour had become too powerful with 60 percent holding the view that labour unions were more powerful than employers (Gray, 1978). The notion that labour unions garnered too much influence and power was further confirmed by other polls conducted during the period (See Lipset & Schnieder, 1983). Thus, American public opinion certainly appeared to mirror the intent of the corporate public relations campaigns of the period. Indeed, as many scholars have argued, the public relations campaigns of the 1970s contributed to a major political shift in public opinion, pushing the country further to the ideological right, culminating in the election

[70] According to Lipset and Schneider, "during the second half of the 1970s a majority of the public believed that government regulation increased inflation…and most…believed that money spent by companies in meeting government regulatory requirements has significantly reduced the amount business can invest in the expansion and modernization of plant and equipment" (Cited in Vogel, 1989, 231).

of Ronald Reagan in 1980 and the ascendance of neoconservative and neoliberal politics in the decades to come (Fones-Wolf, 1994, 289; Carey, 1995, 89; Bowman, 1996, 150).[71]

However, as before, while there was a concerted public relations effort to attack the alternatives to private economic power, it was also necessary to legitimate the corporation as a vital institution that could be trusted to act in the public interest. The utility of this is quite succinctly summed up by Ralph Miliband, who observed during this period:

> But if they are quite as soulful as they are claimed to be, and so deeply conscious, as managers, of their wider public responsibilities, they may then be described as eminently trustworthy of the power which accrues to them from the control of corporate resources – indeed as their natural and most suitable custodians; and it can therefore be more easily argued that these responsible men should not be subjected to an undue and unnecessary degree of state interference (1976, 31).

Indeed, concomitant to the public relations efforts outlined above was the rise of Corporate Social Responsibility (CSR) as a means to garner this public trust and stave off the threat of government intervention.

During the onset of the 1970s, CSR in both name and practice began to proliferate within American management discourse (Monsen, 1972; Eilbert & Parket, 1973; Bateman, 2003; Carroll, 2006).[72] Advocated by the more "enlightened" of business leaders, such as those of the Committee for Economic Development (CED),[73] CSR was viewed as an effective means to placate public concerns and pre-empt government intrusions into corporate operations by demonstrating private business's ability to tackle complex social problems (Monsen, 1972; Eilbert & Parket, 1973). The CED's report, *Social Responsibilities of Business Corporations* argued that undertaking voluntary CSR initiatives would allow business to prove more effective in "shaping the future

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[71] The extent and depth of this shift in opinion can certainly be debated, as other scholars have questioned the degree to which the American public actually embraced the conservative policies of Reaganism (For example, see Ferguson & Rogers, 1986).

[72] Carroll identifies the use of the term 'CSR' as early as the 1950s, but notes that the topic only became widely discussed among academics and business practitioners during the 1970s (2006, 4-9). Although it should be noted that issues of corporate power and responsibility were still addressed in the 1950s, most notably in the works of J.K. Gailbraith, C. Wright Mills, Adolph Berle and Peter Drucker (See Wells, 2002, 100-106).

[73] Monsen describes the CED as "representing a newer, more professional managerial ideology" in contrast to the more vociferous free-market ideology of the NAM (1972, 130). Similarly, Levitan and Cooper characterize the CED as representing "the most progressive wing of the business community," though still "completely committed to the private enterprise system" (1984, 32).

development of its social environment.” This would allow business to “guide change and enhance its operational scope and flexibility, rather than lapse into the constricting role of rearguard defender of the status quo” (CED, 1971, 44). Similar thoughts were voiced by business academics. Stanford business professor Joseph Monsen, assessing the CED report commented:

> If the government continues to be the only institution which will attempt to satisfy public needs, then inevitably our society will cease to be a pluralistic one. The result would be not only inefficiency and the failure to meet many public needs, but also the danger of increasing power in a single institution to which more and more voters would be beholden (1972, 137).

By assuming a “vigorous leadership role in society’s problems,” Monsen argued, business would be able to reverse the movement “towards increasing socialization” of the economy (Ibid, 134). Similarly, management professor Keith Davis, assessing the benefits of CSR noted that it could assist in the “long-term viability of business as an institution” by engendering a positive public image that can act as a “license to operate” (1973, 313-314). To shirk social responsibility, Davis warned, is to allow other groups to “step in and assume those responsibilities and the power that goes with them,” thereby diluting the “social power of business” (Ibid, 314).

Thus, while CSR is described during the period as a “new evolution in capitalism” and “one of the significant developments of the twentieth century,” it is interesting to note the quite distinct similarities between the rationale for CSR and that of the various welfare capitalism schemes employed earlier in the century (See Monsen, 1972, 134; Eilbert & Parket, 1973, 5). Like those earlier programs, CSR was viewed as a means to pre-empt state encroachments into the private sphere of business through the positive portrayal of the corporation as an institution whose goals were commensurate with that of the public.

Nevertheless, CSR-inspired business practices were widely adopted throughout the 1970s. Indeed, a survey of 96 major corporations in 1973 by CUNY business professors discovered that virtually all of the respondents were publicizing some form of socially responsible activity and many had institutionalized a CSR function into their management structure (Eilbert & Parket, 1973).[74] A similar study carried out by the University of Utah in 1975 of 232 major corporations found that 160 had "formulated corporate policies on the nature and extent of company involvement in one or more areas of corporate responsibility" (Buehler, 1975, 6). By 1977, an Ernst & Ernst survey recorded that 91 percent of the *Fortune* 500 industrial firms had published information on their social performance in their annual reports, twice the number that had done so in 1971 (Cited in Kreps, 1978, 11).[75] However calls for the implementation of CSR were not confined to academics and business leaders alone. Increasingly, public relations practitioners would become some of the foremost advocates and engineers of CSR programs during this period.

As has been demonstrated, public relations was widely deployed by American corporations during this period as a means to defend their beleaguered public image and to attempt a political conversion amongst the American population towards ideas more in line with corporate interests. As corporations found themselves increasingly dependent upon public relations, the function and scope of corporate public relations expanded (Ford, 1974; *Business Week*, 1979; Stephenson, 1979; Clark, 2000). Indeed, beyond their traditional communications role, surveys of public relations managers in *Fortune* 500 corporations identified growing responsibility for corporate-government relations, corporate intelligence gathering and interpretation and counseling management on social responsibility, while also documenting greater access to top management and increased participation in corporate decision-making and planning (Skinner & Shanklin, 1979, 42).[76] Similarly, Eilbert and Parket's study of the "corporate social responsibility officer"

[74] According to the authors of the study, the most prevalent socially responsible activities undertaken by the responding corporations were; education contributions, ecology, minority hiring, minority training and contributions to the arts (Eilbert & Parket, 1973, 9).

[75] However, despite the popularity of CSR during this period, American business was loath to allow any form of socially responsible business practice to be imposed upon them by government. This was most visibly illustrated by the intensity with which the corporate community attacked a proposed social performance index by the Carter administration in 1978. This was despite continued assurances by Commerce Secretary Juanita Kreps that such an index would be entirely voluntary and managed by industry itself (Kreps, 1978; Spitzer, 1978; Bucholz, 1991).

[76] Skinner and Shanklin's survey was based on the responses of 139 public relations practitioners within the top 500 largest corporations in the United States. The vast majority of respondents identified themselves as vice presidents, directors or managers of either public relations or corporate communications within their respective firms. As the authors note, the high positions of the respondents is notable insofar as it demonstrates that "the public relations function in leading business enterprises has been made the

as a new position in the corporate organizational chart noted that more than half of the respondents had backgrounds in either public relations or marketing (1974, 50).

Akin to the desires of business leaders, public relations practitioners and other business commentators called for a more pro-active posture, enabling public relations to discern emerging social issues, monitor potential threats, identify constituent groups and stakeholders and manage external environments, all hallmarks of current CSR functions discussed in the literature review (See Anshen, 1974; Brown, 1974; Ford, 1974; Moore, 1979; *Business Week*, 1979; Lindheim, 1980; Gollner, 1983). Indeed, Clark notes that it was during this period that "CSR and public relations began to sound most similar" (2000, 368). Public relations practitioners were to become, in the words of Burson-Marsteller's Chairman Harold Burson, "a corporate sensor," able to detect latent hazards and respond before they could damage a firm's reputation or interests (Burson, 1974, 232). Whether under the rubric of "public affairs" or "issues management," corporate public relations did indeed evolve to include these expanded functions (*Business Week*, 1979; Skinner & Shanklin, 1979).[77] Integral to this expanded mission were Corporate Social Responsibility programs, which in many ways, co-evolved with these broader functions of the corporate public relations practitioner.[78] As public affairs consultant Richard Finlay observed:

> [The] new school of managerial thought believes that social impacts and external forces of change need to be *managed* as a realistic part of day-to-day business tasks. In other words, companies are beginning to understand that with so many

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responsibility of high echelon executives, with direct or close access to corporate policy makers" (1979, 41).

[77] While there was some disagreement over whether 'public relations' and 'public affairs' were distinct activities, Andrew Gollner noted "many firms are simply dropping the [public relations] label and replacing it with public affairs. The latter term apparently does not strike the same negative response…even though, in many cases, the actual activities pursued under this new label are much the same as before" (1983, 149; See also Hainsworth & Meng, 1988). A 1976 Conference Board Survey also found very little substantive difference between the functions assigned to "public affairs" versus that of "public relations" within its surveyed corporations beyond an emphasis within public affairs for relations with government (Conference Board, 1976, 46-47). Similarly, the Public Relations Society of America (PRSA) notes little difference between the two labels, defining public relations as something that "helps an organization develop and maintain quality relationships with the various groups of people ("publics") who can influence its future" and public affairs as "the public relations practices that addresses public policy and the publics who influence such policy" (Cited in Paluszek, 1996, XVIII).

[78] Indeed, as public relations scholar Robert Heath notes, the rise of "issues management" was due to anti-corporate activism and the "increasing intra and inter-industry pressures by corporations to define and implement corporate social responsibility (CSR) – as well as debate in public what the standards of CSR should be" (Heath & Cousino, 1990, 9-10). Furthermore, certain commentators actually conflated Corporate Social Responsibility with the functions of Public Affairs (For instance see White, 1979, 19).

> social, political and external issues shaping so much of their performance and opportunity, responsible managers have no choice but to incorporate an awareness of such factors into their daily routines (1978, 55).

CSR programs and the attendant techniques inherent within them were seen as an efficacious way of ensuring that business would no longer be forced onto the defensive by emerging public demands, but would rather be in a position to shape and manage their external environments to their benefit.

It should therefore come as no surprise that public relations took the lead in the development and implementation of many of these programs. Public relations scholar S. Prakash Sethi noted at the time that the "organizational unit which most often carries out a corporation's social responsibility program is the public affairs department" (Sethi, 1976, 10). Similarly, Robert E. Brown observes that in the 1970s, the responsibility for CSR within corporations initially fell to public relations or public affairs practitioners who were perceived to be most able to "manage the anatomy of crisis" (2008, 2). A Conference Board survey of large corporations conducted during the period documented that the objectives most frequently cited in public relations statements were:

> [P]reserving the free enterprise system; improving the business climate; encouraging employee participation in political and civic affairs; *demonstrating good corporate citizenship*; and establishing two-way communication with government on issues of importance to business (Sethi, 1976, 10, emphasis added).

Similarly, public relations professor Jacquie L'Etang, in her study of the public relations role within CSR programs notes that:

> Corporate social responsibility is often managed by public relations practitioners for public relations ends and therefore corporate social responsibility is seen as part of the public relations portfolio and a technique to establish relations with particular groups…and to signal messages to other groups in society… Consequently, public relations practitioners may be responsible for proposing corporate social responsibility activities and identifying the relevant 'publics' (1994, 113-114).

Thus, PR practitioners have been intimately involved in CSR policy development and in the identification of key stakeholders and target publics. As L'Etang continues; "it is therefore not a question of senior management working out their organizational responsibilities and then the PR practitioner communicating the policy or actions, but of PR actively driving the [CSR] programme and setting corporate objectives" (1996, 90-91; Also Frankental, 2001).[79]

While the relationship between public relations and CSR will be the subject of further discussion, the point to emphasize here is not only the degree to which public relations has been involved in the development of CSR from the beginning, but also the degree to which these developments corresponded with the needs of corporate leaders to respond to the crisis of legitimacy that they faced in the 1970s. As corporate leaders demanded a more pro-active posture so as to better manage emerging social issues, public relations practitioners offered a litany of techniques to aid in this endeavour. The development of CSR during this period needs to be situated within this context. Thus, despite pronouncements that CSR demonstrated the conscience of corporations, these programs did not develop in a vacuum. Rather, their impetus and rationale were a means to respond to public hostility and to deflect government interventions into corporate operations by purporting to demonstrate that corporations could legitimately address social concerns without the aid of government. The timing of their development by an industry historically wedded to the prerogatives of corporate power suggest that far from being an act of benevolence, the emergence of CSR was a calculated, tactical consideration designed to defend the corporation from a potent democratic threat.

However, how successful were these programs in achieving these aims? While we have discussed the potential effect of public relations on public attitudes in the United States during this period, the true worth of CSR to corporate interests would initially be most fully realized in the international arena.

With the accelerating internationalization of capital occurring during the 1970s, American corporations were increasingly becoming trans-national in scope, both in economic operations and in political activity, inaugurating a host of policy groups and business lobbying associations that operated at a transnational level (Leighton, 1970;

[79] This is not to suggest that all corporate structures designate corporate social responsibility to their PR departments. However, the evidence clearly indicates that the CSR function is considered an important aspect of a firm's public relations as evinced by the personnel responsible for executing this function.

Barnet & Muller, 1974; Leimgruber, 2007).[80] William Carroll, Colin Carson and William Robinson all point to this period as the genesis of a truly "international business community," as corporate leaders sought to forge coalitions and ties beyond their respective nation-states towards the supra-national level (Carroll & Carson, 2003; Robinson, 2005).[81]

However, if American corporate leaders had found their legitimacy under siege in the United States, they would find little solace on the international stage. While the 1970s did not begin the period of the trans-national corporation (TNC), it certainly augured a phase where there was intense scrutiny of the corporation and the effects of its international operations on the developing world (Barnet & Muller, 1974; Richter, 2001; Rowe, 2005a).[82] Indeed, the decade witnessed a spate of corporate scandals including revelations of International Telephone & Telegraph's (ITT)[83] and the Kenneth Copper Corporation's complicity in the overthrow of the democratically elected Allende government in Chile coupled with a wave of corruption charges directed at over 500 American TNCs with accusations of bribery of foreign officials, illegal political payments and secret off-the-books accounts (Van der Pijl, 1993, 45; Richter, 2001, 9; Rowe, 2005a, 134). Further contributing to TNC woes during this period was the growing sentiment among the developing world that the international economic order was inherently unjust and in need of major reforms.[84] Seeking greater economic independence, over twenty developing nations passed legislation to control TNC activities, while outright nationalization of foreign corporations reached a peak in the first half of the 1970s (Rowe, 2005a, 136; Lock, 2006, 121). Moreover, there was a concerted

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[80] Business political organization at the international level closely corresponded to that at the national level. Leimgruber points to the establishment in the 1970s of "private consultative and planning bodies operating between states, international organizations and corporations, such as the World Economic Forum (1971), Trilateral Commission (1973)," and the expanded influence of the Mont Pelerin Society and the International Chamber of Commerce during the period as evidence of this trend (2007, 21-22).

[81] These theorists and others point to business organization and activism during the 1970s as the incipient beginnings of a "transnational capitalist class," whose organic composition, objective position and subjective constitution are no longer tied to the nation-state (See Carroll & Carson, 2003, 29-31).

[82] Moreover, the stagnation of the American economy led to increased foreign direct investment by American capital during this period raising public awareness of foreign ownership and influence within their host countries (See Ceyhun, 1997).

[83] For a more detailed examination of ITT's role in the Chilean coup see Klein, 2007, 74-77.

[84] This is most clearly demonstrated by the emergence of the New International Economic Order (NIEO) and the increasing prominence of Dependency Theory and World Systems Theory in the late sixties and early seventies, best exemplified by the work of Raul Prebisch, André Gunder Frank, Samir Amin and Immanuel Wallerstein (See Van der Pijl, 1993; Berger, 1994; Rowe, 2005a; Zerk, 2006).

push to not only regulate TNC activities within national borders, but internationally as well.

By 1972, concerns about the implications of TNC operations had become sufficiently strong to prompt the UN Economic and Social Council (ECOSOC) to "initiate a dedicated research project to study the role of multinational corporations and their impact on the process of development and to submit recommendations for further action" (Zerk, 2006, 10-11). By 1974, ECOSOC had set up the UN Commission on Transnational Corporations (UNCTC) tasked with monitoring the activities of TNCs; strengthening the capacity of developing countries in dealing with TNCs; and drafting proposals for normative frameworks for the activities of TNCs (Richter, 2001, 9; Rowe, 2005a, 137). By 1976, the UNTC proposed the formulation, adoption, and implementation "of a draft for a *comprehensive* and *legally binding* UN Code of Conduct on Transnational Corporations" (Rowe, 2005a, 137). As Rowe documents, the code was viewed by American business interests as initiating a "dangerous dynamic" that might "gradually evolve into a mechanism which would unduly limit and restrict…the activities which constitute the core responsibilities of business" (Ibid, 137). Indeed, the threat of binding international codes of conduct closely mirrored the domestic democratic threat of popular calls for regulation of corporate activities. As Kees Van der Pijl observes, these codes called into question "whether the social forces of production would be directly subordinated by capital, or be controlled by public institutions in which heterogeneous interests are articulated, and where interest articulation is more transparent and subject to democratic checks" (1993, 32). In order to halt this "dangerous dynamic," transnational corporate lobby groups such as the Business and Industry Advisory Committee (BIAC), the International Chamber of Commerce (ICC) and western governments advocated for an entirely *voluntary* code put forward through the auspices of the OECD (Barovick, 1979, 31; Rowe, 2005a, 137).[85] Business writer John Robinson viewed the voluntary OECD Guidelines as a:

[85] According to Richard Barovick, within each OECD country, a private Business and Industry Advisory Committee (BIAC) provides official liaison with its own national government. These 24 committees are linked to an international business group that deals directly with the OECD, enjoying consultative status. The American USA-BIAC consisted of the U.S. Chamber of Commerce, the National Association of Manufacturers, and the U.S. Council of the International Chamber of Commerce, "through which it is

> [C]alculated compromise by Western governments between, on the one hand, the need to sensitize firms to their social, economic, and political responsibilities and, on the other, the need to make the rest of the world aware, and in particular the LDCs [less developed countries] negotiating a UN code of conduct for transnational corporations, that the West is not prepared to see excessive constraints imposed on their major creators of wealth: MNCs (Cited in Rowe, 2005a, 137).[86]

Robinson continues:

> The speed with which the Guidelines moved from conception to decision was dramatic, and was a direct product of the rich world's belief that it had to go into the UN negotiations on multinationals with a coherent and apparently progressive position with which to confront the developing countries' clamour… for more radical and compulsory control (Cited in Ibid, 137).

As Rowe argues, the implementation of the voluntary guidelines effectively de-railed efforts to create a binding international code of TNC conduct. By 1977, when negotiations on the UN code began, it had already been transformed into a voluntary mechanism. Rowe concludes:

> Although a draft was nearly completed by 1981, negotiations stalled and were more or less abandoned a short time later. The simple point here is that the OECD Guidelines were used to forestall the compulsory control being sought through the UN. The year 1976 thus marks the entrance of the voluntary code of conduct into business's strategic repertoire (Ibid, 137).[87]

Thus, the voluntary code of conduct, what Rowe deems "the most celebrated mechanism in the CSR toolkit," demonstrated the value of CSR as a means for corporations to assume a proactive posture in their dealings with extant social conditions and to shape

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possible to reach just about every U.S. multinational of any consequence (300 to 400 companies account for most U.S. overseas operations)" (1979, 31).

[86] However it should be noted that the OECD Guidelines were not the first instance to use a corporate-initiated code to pre-empt more binding forms of regulation. As Van der Pijl documents, the ICC in 1972 adopted a code of conduct in an "obvious attempt to reorient the democratic regulation movement to a format compatible with the sovereignty of capital" (1993, 50).

[87] The jettisoning of a binding code of conduct for TNCs should not be viewed as solely the result of the OECD voluntary guidelines. The collapse of global commodity prices and the advent of economic recession at the end of the 1970s served to undermine the leverage that LDCs had previously been able to exercise through the auspices of the NIEO. Thus, the power of the developing world to force compliance upon TNC activities became markedly weaker as their economic position deteriorated (See Rowe, 2005a, 137).

these circumstances in accordance with their interests (2005b, 3). John Kline, accounting for what business learned about the power of CSR during this period writes that:

> Events in the 1970s forced MNCs onto the defensive. An opportunity now exists to change this posture into a positive forward outlook and plan of action. One step in this direction is to build a public affairs program that uses the intergovernmental code movement as public guidance rather than just defending against it as possible law. Individual MNC codes can play a vital role in this effort, counterbalancing the use of intergovernmental codes as political levers while also creating a better understanding of corporate operations that could preclude more restrictive actions in the future (Cited in Rowe, 2005a, 138).

The OECD voluntary code's success in precluding the more stringent and binding measures of the UN practically demonstrated the arguments of the proponents of CSR that assuming a proactive leadership role by corporations could result in the successful management of political and social conditions that had previously merited only a 'defensive reaction.' Indeed, the efficacy of the voluntary code of conduct as means with which to deflect regulatory challenges and promote an image of corporate social responsibility would become a key driver for the burgeoning of the CSR movement in the 1990s – the subject of the next chapter.

It is urgent at this point to evaluate what is truly unique regarding corporate strategy during this period and what remains more or less a continuation of the past responses that have thus far been charted. The reason for this is that some academics and business commentators have viewed the corporate counter-offensive of the 1970s as an unprecedented instance of business class-cohesion with a singleness of purpose not previously seen (Useem, 1984; Edsall, 1985; Akard, 1992; Beder, 2002). While this is true in certain respects, it can obscure the very real historical continuity of corporate responses to democratic threats that have so far been enumerated. Moreover, to view the level of political organization by American business demonstrated in the 1970s as somehow historically unique, can give rise to a form of "antecedent pluralism," whereby American capital is viewed as implicitly disorganized and politically inconsequential prior to the events of the 1970s (Himmelstein, 1990, 154). Obviously, this is the strength of the sustained historical analysis undertaken so far. While there is little doubt that the efforts of American corporations, both domestically and internationally, to re-assert their hegemony in the 1970s dwarfed those of previous eras in terms of organization, money and resources, the tactics deployed remained remarkably consistent with those of the past. Public relations efforts to de-legitimize alternatives to private economic power coupled with the need to affirm corporate credibility in the eyes of the public by appearing to address pressing social concerns in order to prove its legitimacy as an institution consistent with the principles of a democratic society are tactics that, we have seen, been consistently recycled in the face of democratic contestations of corporate power. Moreover, considerable corporate class-wide cohesion – while certainly not as marked as the 1970s – certainly *did* manifest itself in the previous eras discussed, if not to the same extent, nor with the commensurate organization. Thus the public relations strategies and political organizing efforts of corporations in the 1970s should be seen as a difference of degree rather than of kind.

However, while certain continuities can be discerned within the business strategy of the 1970s and that of previous eras, it would also be derelict not to recognize the remarkable effectiveness of the campaigns of the 1970s and their contribution to the dismantling of the post-war Keynesian consensus that had held sway for almost three decades in favour of the now paradigmatic political economy of neoliberalism. Both domestically in the United States and internationally, American trans-national corporations used their communicative power and organizational strength to promulgate ideas and policies conducive to the restoration of the sovereignty of capital. This is not to assert that this was a purely ideological exercise. Certainly a confluence of structural factors equally prepared the way for the ascendance of neoliberalism. The erosion of the economic and political conditions upon which the Keynesian welfare state had rested through the processes of internationalizing capital, new techniques of production and declining national growth all conspired to give neoliberal ideas and policies a renewed salience (Akard, 1992; Teeple, 1995; Harvey, 2005). Nor should this suggest that neoliberal policies were an inevitable outcome of these changes; rather that these new realities were seized upon by American capital to the detriment of alternative solutions and possibilities. Business deployed its organizational and communicative power in tandem with the changing realities of the global economy, thereby pressing its advantage. Indeed as Rowe argues, the events of the 1970s and the "regulationist claims" made on the state to reign in the excesses of trans-national corporate operations "jarred business into sustained self-organization and prompted the emergence of a *radical* political program – neoliberalism – that could not have been so vigorous in content and pursuit without business's sustained self-organization" (2005a, 146).

Lastly, an equally important outcome of the campaigns of the 1970s was the degree of political organization initiated by business at the international level. As American capital became increasingly trans-national in power and scope, a commensurate network of international business policy and lobbying groups were either established or expanded to promulgate neoliberal ideology. While not solely the design of U.S. corporations, these groups nevertheless contained a sizeable contingent of American corporate leaders – and have been characterized as borrowing many of the same techniques and tactics first utilized within the United States (Carey, 1995; Rowe, 2005; Miller & Dinan, 2007). As William Carroll argues, these neoliberal policy groups have, since their emergence in the 1970s, "played a signal role in building, consolidating and bolstering" the development of a transnational neoliberal historic bloc (2007, 38). According to Rowe, these groups can be said to function, in Gramscian terms, as "collective intellectuals," or agents of the capitalist class "entrusted with the activity of organizing the general system of relationships external to business itself" (2005, 139). As Carroll and Carson continue, these groups help foster:

> Discussion of global issues among members of the corporate elite, often in combination with other influential political and professional elites. They facilitate the formation of a moving elite consensus that is framed within one or another variant of neo-liberal discourse. They educate publics and states on the virtues of the neo-liberal paradigm. In short, they are agencies of political and cultural leadership (Cited in Rowe, 2005, 150).

These groups – both at the national and international level – can be viewed as conducting a war of position to shift "the balance of cultural and social forces and thereby win new political space in the global field" (Carroll, 2007, 38). However it should be emphasized that to enact strict divisions between TNC's national and international lobbying and public relations efforts can occlude the process of ideological transmission that exists between these levels. Ideological consensus over the importance of the neoliberal project developed at an international level can translate into national campaigns that seek to secure the same consensus among domestic publics and policymakers – and vice versa.

Indeed, this transmission is made even more salient due to the many cross-linkages between corporate members in both domestic and international business associations and lobby groups (Beder, 2002; Miller & Dinan, 2008).[88] Certainly, examples of this "cross-fertilization" of neoliberal ideology between the international and national levels can be found in a number of instances. The emergence of the Mont Pelerin Society (MPS) in the 1970s as a major centre for the diffusion of neoliberal ideas facilitated the growth of a coterie of domestic free-market "think-tanks" and policy institutes in both Europe and North America that Carroll characterizes as "constituting a global network of neoliberal knowledge production and dissemination" (2007, 44).[89] Similarly, the International Chamber of Commerce (ICC), through its dense network of local and national chapters also permits the diffusion of neoliberal thought and practice between the local, the national and the international level (Ibid, 41).

It should be added that in concert with the internationalization of business political organization was a commensurate globalization of the public relations industry. As Miller and Dinan document, the architecture of international business lobbying and influence "both required, and gave a huge boost to, the globalization of public relations practice and bequeathed a truly global PR industry" (2007, 99). Indeed, this would be true for both independent public relations consultancies and in-house corporate public relations. Throughout the 1970s, as American corporations became increasingly attentive to threats to their interests on the international stage, a commensurate growth of in-house internationally-focused public relations and public affairs officers were commissioned with monitoring the business and political environments of foreign countries and the machinations of international organizations like the UN and OECD (Kean, 1971; Boddewyn, 1976; Post *et al*, 1982; Gollner, 1983). Moreover, from the end of the 1970s and into the 1980s, a wave of mergers and consolidations witnessed many public relations firms incorporated into truly global communications operations – becoming transnational in their own right – further expanding the scope and power of public

[88] An example of this cross-fertilization at the national level is provided by the Congressional Action Committee network designed by the U.S. Chamber of Commerce to circulate detailed analyses on issues effecting business to over 120,000 individual Chamber members (See McGrath, 1979, 86-87).
[89] While the Mont Pelerin Society was founded in 1947, its true worth as an ideological locus of neoliberal thought was not realized until the corporate counter-offensives of the 1970s (See Carroll, 2007; Miller & Dinan, 2008).

relations on the international stage (Newsom, Turk & Kruckenberg, 2000; Rudgard, 2003).

Thus, given the integral role of public relations in the ideological strategies and political activism employed by corporations during this period, corporate PR practitioners and consultancies should be considered a key part of the hegemonic coalition that successfully dismantled the prior Keynesian consensus in favour of neoliberalism. That they are so often neglected in academic studies of the period attests to the ability of public relations practices to stay 'behind the scenes' and 'below the radar' as it were (Miller & Dinan, 2008). However, in spite of this neglect – and maybe because of it – public relations practitioners should be viewed as constituting the type of class-conscious "organic intellectual" strata that Gramsci identified as so crucial to the marshaling of hegemony. For Gramsci, the idea of intellectuals as a social group independent of class was erroneous:

> Every social group born on the terrain of an essential function in the world of economic production creates together with itself…one or more strata of intellectuals which give it homogeneity and an awareness of its own function not only in the economic, but also in the social and political fields. The capitalist entrepreneur creates alongside himself the industrial technician, the specialist in political economy, the organizer of a new culture, of a new legal order, etc (Cited in Femia, 1987, 130).[90]

Certainly, as we have seen, corporate public relations practitioners have been highly aware of the interests they serve, and some could almost be characterized as rabid in their defence of corporate class interests. Moreover, Gramsci viewed the organic intellectual as actively involved in society, "as constructor, organizer, *permanent persuader* and not just a simple orator" (Cited in Everett & Neu, 2000, 22, my emphasis). Such definitions appear almost tailor-made as a means to describe the historical role and function of the public relations practitioner. While I will have cause to engage with Gramsci more

[90] There does exist some confusion over Gramsci's distinction between "organic" versus "traditional" intellectuals, with some commentators reserving the label "organic" exclusively for intellectuals allied with the working class. However, from my reading of Gramsci, "organic" intellectuals are those that are more closely tied to the class they represent – working class or otherwise – and consciously seek to advance the class interests of those they represent; "directing the ideas and aspirations of the class to which they organically belong," as Gramsci puts it (Cited in Everett & Neu, 2000, 22). Traditional intellectuals on the other hand, view themselves above or beyond class alliance – believing themselves to be "independent and autonomous" of class struggle (See Femia, 1987, 130-132).

thoroughly in the chapters that follow, it is important at this juncture to consider public relations and CSR as an integral part of corporate efforts to both defend and re-assert their hegemony throughout the past century. As we will see, this is a function that public relations and CSR will continue to perform up to the present day.

To conclude this chapter, while the corporate public relations and lobbying campaigns of the 1970s in no way fully *determined* the ascendance of neoliberalism in the 1980s, there can be no argument that American business successfully beat back the constraints previously imposed upon them and ushered in an era in which government was increasingly reticent to challenge corporate prerogatives. Thomas Edsall, summing up the campaigns of the 1970's, writes:

> During the 1970s, the political wing of the nation's corporate sector staged one of the most remarkable campaigns in the pursuit of power in recent history. [By the early 1980s] it had gained a level of influence and leverage approaching that of the boom-days of the 1920s (Cited in Harvey, 2005, 54-55).

Certainly, Edsall's statement could apply equally to the global scene as corporate-sponsored neoliberalism "swept across Western and Southern countries during the 1980s," becoming "globally dominant" with the demise of the Soviet Bloc and producing the economic and ideological straitjacket of the "Washington Consensus" (Helleiner, 2003, 686).

However, while business would reign ideologically supreme throughout much of the 1980s, corporate power and the neoliberal project would come to face a chorus of criticism from a diverse array of popular movements by the early 1990s. Perhaps the most daunting test for corporate interests to arise during this period would be the growing public awareness of ecological crisis and the substantial challenge of popular environmental movements to corporate methods of production and consumption. In response to this threat, corporations would draw heavily from the lessons of the 1970s. Indeed, the environmental challenge would force corporations to utilize many of the techniques and organizations that had been established in the 1970s, reviving the code of conduct and voluntary self-regulation as a means to evade regulatory constraints while further utilizing the lobbying and policy networks developed in the 1970s and creating a whole host of new ones. As we will see, CSR would become an integral part of corporate attempts to defend not only the neoliberal project, but also to fashion a sufficient response to environmental crisis that could successfully contain popular pressures to enact stricter environmental protections. Indeed, the 1990s would prove to be the signal decade for CSR, as this is the period where CSR truly flourishes as a corporate strategy of its own.

Chapter Five

"The Life and Death Battle of the 1990s:" Environmentalism, Public Relations and the Rise of CSR

With the onset of the 1980s and the triumph of neoliberal politics, business interest in CSR faded as popular agitation, both domestic and international, waned (Rowe, 2005, 138; Wells, 2002, 125). However this relative calm would be rudely interrupted by the middle of the 1990s with the emergence of a global justice movement sharply critical of corporate abuses of human rights, labour standards and environmental protections. While this popular backlash versus corporate power would be most spectacularly illustrated to Western eyes during the 1999 WTO protests in Seattle, the seeds of this discontent, specifically in regards to the environment, go back to the end of the 1980s and the emergence of a renewed ecological awareness both in the United States and in other advanced industrial countries.

The purpose of the following chapter is to document the spectacular growth of public relations and corporate social responsibility strategies specifically geared towards addressing the environment during the 1990s. While the focus on the environment is not meant to devalue equally important issues of corporate legitimacy in regards to human rights and labour standards that emerged during this decade, conflicts over environmental issues were cast in a much more sinister light by certain conservative and corporate elements within the United States and beyond, to the point where environmentalism has been characterized as a form of 'socialism in disguise' that could potentially undermine private property rights and free-market capitalism itself [91] (Lascelles & Lamb, 1992; Carmody, 1995; Hess & Horowitz, 1995; Rowell, 1996; Buell, 2003; Hamilton, 2007;

[91] This sentiment is best exemplified by the "Wise-Use" movement, a loose coalition of extractive and energy industries, free-market think-tanks, land developers, ranchers, property-rights advocates, all-terrain-vehicle users and others that view the U.S. environmental movement as conspiring to undermine private property and free-market capitalism (See Alexander, 1992; Rowell, 1994; Carmody, 1995; Rothman, 2000). It should also be noted that 36 corporate backers of the Wise-Use movement were represented by Burson Marsteller (Cited in Bleifuss, 1995).

Douglas, 2007).[92] Environmentalism and the environmental movement was viewed as a much more serious challenge to existing socio-economic relations than the other issues of corporate legitimacy that emerged during this period. Indeed as Brian Tokar has observed, with the collapse of 'really existing socialism' in the early 1990s, "the growth of ecological awareness in the industrialized countries may be one of the last internal obstacles to the complete hegemony of transnational corporate capitalism" (Cited in Beder, 2002, 23). It is for this reason, coupled with the ubiquity of environmental and sustainability claims put forward by corporations in the present day under the rubric of CSR that make this particular aspect of CSR so salient (Lock, 2006; Johnston, 2006). As Bendell observes, much of the renewed focus on CSR in the 1990s came from the environmental movement as environmental groups increasingly turned their attention to corporate responsibility for issues such as deforestation, climate change and over-fishing (2007, 368). Similarly, David Vogel observes that since the mid-1990s, "no dimension of CSR has attracted as much attention from the business community as environmental protection" (2006, 133). Indeed, as Ineke Lock has argued, the discourse of CSR and sustainable development have become increasingly conflated, to the point where they are not only intimately interlinked, but are "often regarded as synonymous" (2006, 120; See also WBCSD, 1998, 6; Ganesh, 2007, 381; Harrison, 2008, 30). Echoing this sentiment, the WBCSD also observes that, "environmental concerns tend to get put under the umbrella term corporate social responsibility" (Holliday, Schmidheiny & Watts, 2002, 106).[93]

Thus, because the focus of CSR has increasingly turned towards issues of the environment in response to growing public concern and awareness, it is incumbent for any understanding of the phenomenon to address this aspect above those of others. With

[92] Such rhetoric was not confined solely to the extreme right fringe of the political spectrum. As one Bush administration delegate to the Rio Earth Summit infamously claimed: "Environmental protection has replaced communism as the great threat to capitalism" (Lascelles & Lamb, 1992, 16). Similarly, Margaret Thatcher opined that "nowadays socialism is more often dressed up as environmentalism," while Milton Friedman declared that half the environmental movement was composed of "long-term anti-capitalists who will take every opportunity to trash the capitalist system and the market economy" (Cited in Douglas, 2007, 552). By way of a more contemporary example, Czech Republic president Vaclav Klaus warns, "I see the biggest threat to freedom, democracy, the market economy and prosperity now in ambitious environmentalism, not communism" (See Klaus, 2007).

[93] This conflation is also demonstrated by the often-used acronym "CSER" or corporate social *and* environmental responsibility.

these qualifications in mind, I now turn to the historical and politico-economic context within which environmentalism came to be viewed as a potential threat to the corporate status quo and the subsequent response from the corporate sector, both domestically in the United States and internationally.

As has been previously discussed, the environmental movement in the United States during the 1970s had managed to make significant gains in terms of federal policy and increased regulatory oversight of corporate activities (Vogel, 1989; Rowell, 1996; Beder, 2002; Buell, 2003). However with the success of the corporate counter-offensive of the 1970s and the anti-regulation ethos it augured, corporate America had managed to reverse or stall efforts to expand environmental oversight of its operations. Indeed, as Beder argues, "corporations managed to achieve a virtual moratorium on new environmental legislation in many countries throughout the late 1970s and most of the 1980s" (2002, 21). However, toward the end of the 1980s significant public concern about the environment surfaced again, reinforced by scientific discoveries regarding phenomena such as ozone depletion, weather patterns that indicated global warming and renewed reports of acid rain (Landis, 1989, 1; Beder, 2002, 21; Guber, 2003, 60). This resurgence of environmental concern is borne out by U.S. polling data measured during this period. In their 1991 analysis of twenty-five years of national polling trends on the environment, Dunlap and Scarce noted that in an "apparent backlash against the Reagan administration's environmental policies and the continuing emergence of new environmental problems," there were "substantial increases in public support for new environmental protection" in the 1980s, and that by 1990 "public concern over the environment had reached unprecedented proportions" (1991, 652). Moreover, these concerns translated into renewed calls for environmental legislation and the reigning in of corporate polluters. According to the authors, the high level of support for environmental regulations is due to "the growing belief among the public that business and industry will not voluntarily protect the environment," and that "the public views business and industry as the main contributors to environmental problems" (Ibid, 655). Furthermore, public support for increased regulation remained strong even when negatively correlated with economic growth and higher consumer prices (Ibid, 655-656). Comparable polls conducted during this period show remarkably similar results. A 1989 NYT/CBS poll found that 80% of people surveyed agreed, "protecting the environment is so important that standards cannot be too high and continuing environmental improvements must be made regardless of cost" (Beder, 2002, 21). Furthermore, a 1989 *Business Week* poll found that just under half of respondents believed industry would harm the environment in order to turn a profit, with 38 percent believing a company would endanger public health in order to remain profitable. The poll also reported that over two-thirds of those surveyed were willing to boycott a company whose actions were deemed harmful, while fully 37 percent reported that they already *were* engaged in some form of protest over a company's environmental actions (Vamos & Jackson, 1989). Moreover, sentiments such as these were not confined to the United States. Polls in Canada and Australia demonstrated the same level of concern over the environment and the same willingness to sacrifice economic priorities in favour of ecological ones (Beder, 2002, 21-22).[94] Similar sentiments were also recorded for a majority of Europeans, demonstrating broad political support for environmental protections even when counter-posed with diminished economic growth (McGrew, 1990, 297).

The growing public concern for the environment and the penchant to lay the blame upon industry caused significant alarm among American corporate leaders that they were about to be the targets of renewed environmental legislation and regulation (Landis, 1989; Silas, 1990; Beder, 2002; Buell, 2003) William Fay, an industry lobbyist remarked at the time that "a lot of different businesses are learning what the impact might be (of new environmental laws), and it's scaring them half to death" (Landis, 1989, 1). Frank Mankiewicz, a senior executive at the public relations powerhouse Hill & Knowlton gave a similar picture of corporate reaction to this groundswell of popular support for environmental protections:

> The big corporations, our clients, are scared shitless of the environmental movement…They sense that there's a majority out there and that emotions are all on the other side – if they can be heard. They think the politicians are going to yield up to the emotions. I think the corporations are wrong about that. I think the

[94] Beder reports that 16% of Canadians said the environment was the most important problem in Canada – more important than unemployment – while Australians (59%) believed that protecting the environment was more important than other issues including the economy. A 1990 Saulwick poll found that 67% of Australians thought the government should "concentrate on protecting the environment even if it means some reduction in economic growth." Similarly a 1991 Gallup poll found that 75% believed environmental protection should be given priority, "even at the risk of curbing economic growth" (Beder, 2002, 21-22).

> companies will have to give in only at insignificant levels. Because the companies are too strong, they're the establishment. The environmentalists are going to have to be like the mob in the square in Romania before they prevail" (Cited in Beder, 2002, 22).

Despite Mankiewicz's optimism, American business was not about to remain passive in the face of this renewed democratic threat. In terms now familiar, C.J. Silas, CEO for Phillips Petroleum, writing in the *Public Relations Journal* argued, "there's no reason we can't make the environmental issue *our* issue. If we wait to be told what to do – if we offer no initiatives of our own and react defensively – we're playing not to lose, and that's not good enough" (Silas, 1990, 11). Indeed, the resurgence of environmentalism within the American public spurred a new wave of corporate activism in an attempt to manage and control the terms of debate. However, as Beder notes, this time around corporate America was able to:

> [U]tilize the techniques and organizations that had been established in the 1970s for the same purpose. With their activist machinery already in place, corporations were able to take advantage of the new PR techniques and information technologies available for raising money, building coalitions, manipulating public opinion and lobbying politicians (2002, 22).

Indeed, for the public relations industry, environmentalism was labeled the "life and death battle of the 1990s" and "the issue of the decade" by PR commentators (Stauber & Rampton, 1995, 126; Beder, 2002, 23). Corporate spending on environmental PR soared during this period. By 1990 US firms were spending about $500 million a year on PR advice about how to green their images and deal with environmental opposition.[95] By 1995 that figure had increased to about $1 billion per year on environmental PR activities alone (Stauber & Rampton, 1995, 108). "There was an explosion of interest among PR firms to set up green divisions," recalls *O'Dwyer's* editor Kevin McCauley, with all the major PR firms – Burson-Marsteller, Ruder Finn, Hill & Knowlton, Shandwick, Edelman and dozens of others establishing "environmental specialty" divisions for their corporate clients (Cited in Helvarg, 1996, 14). Moreover, the growth in environmental PR led to the resurgence of many of the tactics of persuasion introduced in the 1970s. One of the

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[95] Surveys in 1993 by the Opinion Research Corporation asking US executives what the key public relations challenges for 1994 would be, found that 23% named environmental issues, more than any other topic (Beder, 2002, 108).

techniques re-introduced and expanded during this period was the use of "grass-roots lobbying," or what has been more derisively described as "astro-turf." This PR technique involves "the instant manufacturing of public support for a point of view" through the use of tailored mailing lists, telephone banks and specialized databases through which pre-generated mail, e-mails and even telephone calls are directed at politicians in order to manufacture the *appearance* of widespread popular support for a client's issue (Stauber & Rampton, 1995, 81-82; Beder, 2002, 32).

In his investigation of grassroots lobbying on the environment, journalist Kevin Carmody notes that while real people do participate in such campaigns, "membership roles are often dominated by employees of regulated industries, anti-government ideologues in search of a cause, even people recruited by public relations firms that …earn as much as $500 for every citizen they mobilize for a corporate client's cause" (1995, n.p). Indeed, sometimes the illusory nature of public support within grass-roots lobbying is openly acknowledged. John Davies, an expert in corporate grass-roots lobbying writes:

> The practical objectives of letter-writing campaigns is not actually to get a majority of the people behind a position and to express themselves on it – for it would be virtually impossible to whip up that much enthusiasm – but to get such a heavy, sudden outpouring of sentiment that lawmakers feel they are being besieged by a majority. The true situation may be quite the contrary (Cited in Beder, 2002, 34).

So pervasive was this PR technique that by 1995 it came to constitute a half-billion-dollar-a-year PR sub-specialty – "one of the hottest trends in politics today," according to former state legislator Ron Faucheux, then editor of *Campaigns & Elections* magazine (Cited in Stauber & Rampton, 1995, 81).[96]

The other public relations technique that proliferated during this period – while not novel to the annals of PR history – was nevertheless resurrected with a vengeance in order to combat the growing popularity of environmentalism. The use of the 'corporate front group,' in which public relations firms create groups or associations with socially

[96] Beder documents the following U.S. firms and associations that have employed this technique: Philip-Morris, Georgia-Pacific, Chemical Manufacturers Association, General Electric, American Forest & Paper Association, Chevron, Union Carbide, Proctor & Gamble, American Chemical Society, American Plastics Association, Motor Vehicle Manufacturers Association and the Nuclear Energy Institute (2002, 32).

conscious-sounding names, yet lobby and promote in favour of the corporate clients' interest have been a hallmark of public relations almost since its inception. Usually attributed to PR pioneers like Edward Bernays and Carl Byoir, the 'front group' or the 'third party technique' is designed to mask the corporate client's message behind the visage of a purportedly independent group in order to "put the client's words in someone else's mouth," so the message appears more credible and disinterested (Rampton & Stauber, 2002, 17; Miller & Dinan, 2007, 12).[97] However, as Beder and others have documented, the use of corporate front groups to advance industry's interests in regards to the environment exploded during the 1990s.[98] Some of the more prominent firms to enlist front groups in their fight against the environmental movement during the early 1990s include Dow Chemical, which was contributing to ten front groups, including the Alliance to Keep Americans Working, the Alliance for Responsible CFC Policy, the American Council on Science and Health, Citizens for a Sound Economy and the Council for Solid Waste Solutions. Chevron and Exxon were each contributing to nine such groups, while Mobil, Ford, Philip Morris, Pfizer, Monsanto and Proctor & Gamble all contributed to multiple front groups during this period (Beder, 2002, 28-29; See also Rampton & Stauber, 2002; Megalli & Friedman, 1991).[99]

However, individual corporations were not alone in perceiving the value in funding purportedly independent groups to get their message out. Industry associations were especially sensitive to the potential of the increasing public awareness of global

[97] The names of these groups and the position on issues they take can sometimes be almost comically absurd. For instance, the front group "Northwesterners for More Fish" was actually a coalition of utilities, aluminum companies and timber firms responsible for *depleting* fishing stocks. Similarly, "Friends of Eagle Mountain" was a PR creation for a mining company that hoped to build the world's largest landfill *on* Eagle Mountain (Switzer, 1997, 144-145).

[98] While research on the influence of front groups on public opinion is scarce, a recent study led by Michael Pfau concluded that "front-group stealth campaigns eroded public attitudes toward the issue in question and boosted perceptions of the front group, but not the corporate sponsor, which was as yet unidentified. In short, front group stealth campaigns do exactly what corporate sponsors intend" Or at least until the corporate sponsor is identified, which caused public attitudes to boomerang on both the issue in question and the corporate sponsor(s) (Pfau et al, 2007, 93-95).

[99] In their exhaustive study of corporate front groups, Megalli and Friedman offer the following pre-requisites for an organization to be classified as a front group: "Three variables – funding, control and membership – determined an organization's classification as a front group…The final criterion for a front group is its agenda. Each of the corporate groups included in this study takes a pro-industry position on virtually every issue it faces" (1991, 4). Note also that the creation or participation in front groups by a public relations practitioner is a violation of the Public Relations Society of America's (PRSA) Code of Ethics (See Pfau et al, 2007, 74-75).

climate change to drive calls for increased regulations and tougher emission standards. Indeed, due to its global effects, it in many ways came to represent the most visible manifestation of the growing environmental crisis more generally. Moreover, for much of industry, climate change and the solutions required to remedy it also posed the greatest threat to their interests. As Levy and Egan observe, the "prospect of mandatory curbs on production and use of fossil fuels to reduce the impact of greenhouse gases (GHG) on the Earth's climate system poses a serious economic threat to corporate actors across a wide range of industries" (2003, 804).[100] Indeed, considering the centrality of fossil fuels to industrial economies, Newell and Patterson similarly conclude, "the fundamental interests of major sectors of these economies are threatened by proposals to limit green house emissions" (1998, 682).[101]

The initial response by U.S. industry to the issue of global climate change would be both swift and aggressive. Environmental historian Naomi Oreskes notes, "as soon as the scientific community began to come together on the science of climate change, the pushback began" (Cited in Begley, 2007, n.p). Industry associations – representing petroleum, steel, auto manufacturers and utilities – all formed front groups to dispute the science of global warming during this period. Perhaps the most prolific of these front groups was the powerful Global Climate Coalition (GCC). Created in 1989 in concert with PR giant Burson-Marsteller, the GCC was a coalition of fifty U.S. trade associations and private firms representing oil, gas, coal, automobile and chemical interests (Beder, 2002, 29; Rampton & Stauber, 2002, 270-271).[102] According to Rampton and Stauber,

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[100] The extent of the corporate contribution to total GHGs should not be underestimated. According to Dorsey, by 2000 122 corporations accounted for 80% of all global carbon dioxide emissions. Oil produced by just four companies; Shell, Exxon-Mobil, BP-Amoco-Arco, and Chevron-Texaco accounted for 10% of all carbon emissions. BP-Amoco's global production accounts for more emissions than the entire United Kingdom, where it is based. The combined outputs of Exxon-Mobil and BP-Amoco's production create more emissions than those from all of Africa and Central America combined (Cited in Dorsey, 2005).

[101] As Newell & Paterson explain, the fundamental difference between the issue of global warming in comparison to other environmental problems is that for energy producers, it is not a question of "different business, but rather dissipating business," insofar as solutions to global warming require a reduction in fossil fuel use which is "not compensated by growth elsewhere" (1998, 682).

[102] The GCC operated out of the offices of the National Association of Manufacturers (NAM) with a membership that included the American Automobile Manufacturers Association, the American Forest & Paper Association, American Petroleum Institute, the U.S. Chamber of Commerce, Dow Chemical, Exxon, Ford, Mobil, Shell, Texaco, Union Carbide and more than 40 other corporations and trade associations (Rampton & Stauber, 2002, 270). However, despite the GCC's predominantly U.S. membership, it should be noted that the coalition sought to project itself as a "global lobby," due to the "international operating reach of many of the companies" whose interests the GCC pursue (Newell & Paterson, 1998, 683).

the GCC spent $63 million since 1994 in order to cast doubt on climate science, in coordination with the National Coal Association and the American Petroleum Institute, which itself paid Burson-Marsteller $1.8 million in 1993 for a successful “grass-roots” letter and phone-in campaign to prevent a proposed tax on fossil fuels (2002, 271). Similarly, the “Information Council for the Environment” (ICE) – created in 1991 by a corporate coalition of energy and utilities interests – launched a $500,000 public relations and advertising campaign to, in their words, “reposition global warming as theory (not fact)” (Ibid, 273).[103]

In addition to these groups, a litany of other industry-funded lobby groups emerged throughout the 1990s – in both the US and other countries – to contest the validity of climate science and to stall or prevent the implementation of measures designed to ameliorate global warming.[104] The most recent revelations being that of Exxon Mobil’s $16 million public relations campaign conducted between 1998 and 2005 to fund an array of front groups that in a statement by the Union of Concerned Scientists, sought to “confuse the public on global warming science” (UCSUSA, 2007).[105]

The effects of these campaigns upon American public opinion have had a lasting impact, even if the realities of environmental degradation have slowly, but surely, begun to transform American opinion in line with the rest of the world. However, initially these campaigns seemed to have their desired effect. As Rowell notes, by 1992 it seemed that the popular tide was beginning to turn against the environmental movement as the corporate backlash came to resonate with certain sectors of the American public (1996, 22). Indeed, a 1992 *Time* and CNN poll documented *less* support for environmental regulation with 51 percent of those polled agreeing with the statement that “environmentalists go too far in their demands on business and government” (Alexander, 1992, 51).

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[103] The ICE was funded by the National Coal Association, the Western Fuels Association and the Edison Electrical Institute (Rampton & Stauber, 2002, 272).
[104] For a detailed list of these groups and their membership see Rampton & Stauber, 2002, 270-276. For details on climate science denial campaigns in the United Kingdom see Monbiot, 2006. For Australia, see Beder, 1999. For Canada, see Gorrie, 2007.
[105] To view the leaked documents that outline ExxonMobil’s public relations and communication strategy see http://www.environmentaldefense.org/documents/3860_GlobalClimateSciencePlanMemo.pdf

Similarly, the corporate effort to sow uncertainty over the validity of climate science also had a profound and lasting effect on Americans' attitudes and knowledge of climate change issues. Despite large majorities of Americans that believe that climate change is occurring, public perception regarding the *causes* of climate change and the scientific consensus behind it has been decidedly mixed. In their analysis of twenty years of polling on climate change, Nisbet and Myers note that in 1994 only 28 percent of Americans agreed with the statement that "most scientists believe that global warming is occurring" (2007, 451). By 1997 that percentage had increased to 46 percent (Ibid, 451). However, polls by ABC News, *Time*, Stanford University and Ohio State University conducted at the same time documented that close to 70 percent of Americans still perceived "a lot of disagreement" among scientists on the question of global warming (Langer, 2006; Begley, 2007).[106]

Even more recent polls demonstrate continued confusion amongst the American public concerning the scientific consensus over climate change. Despite an almost unprecedented consensus among the world's scientific community that human activity – primarily through the production of greenhouse gasses – is warming the planet, a substantial portion of the American public continues to believe there to be much more controversy and uncertainty over the validity of climate science than actually exists.[107] Polls conducted in 2006 found that 64 percent of Americans still thought there was "a lot" of scientific disagreement on climate change, with only one-third believing planetary warming was mainly caused by human activity (Langer, 2006; Begley 2007). Similar polls conducted by the Pew Research Center show a slightly larger percentage (41%) holding the belief that global warming is primarily caused by human activity (Pew

[106] For full results of the poll and comparative data between 1997 and 2006, see http://abcnews.go.com/images/Politics/1009a1GlobalWarming.pdf

[107] The scientific consensus is clearly expressed in the reports of the Intergovernmental Panel on Climate Change (IPCC). Created in 1988 the IPCC's purpose is to evaluate the state of climate science as a basis for informed policy action, primarily on the basis of peer-reviewed and published scientific literature. In its 2001 assessment, the IPCC states unequivocally that the consensus of scientific opinion is that Earth's climate is being affected by human activities: "Human activities … are modifying the concentration of atmospheric constituents … that absorb or scatter radiant energy. … [M]ost of the observed warming over the last 50 years is likely to have been due to the increase in greenhouse gas concentrations" Moreover, the IPCC is not alone in its conclusions. In recent years, all major scientific bodies in the United States whose members' expertise bears directly on the matter have issued similar statements, including the National Academy of Sciences, the American Meteorological Society, the American Geophysical Union, and the American Association for the Advancement of Science (Cited in Oreskes, 2004, 1686).

Research Center, 2006, 2). This contrasts sharply with European and Japanese public opinion, where majorities recognize the broad consensus among climate experts that greenhouse gases are altering the world's climate (Begley, 2007).

However, despite the evident confusion over the *source* of GHG emissions, a growing majority of Americans believe that climate change should be regarded as a threat and that immediate action should be taken (PIPA, 2005). Thus, while American public opinion is inching slowly toward established scientific opinion, it still remains contradictory and uncertain; a reality that many scholars attribute to the strength of the public relations and advocacy campaigns of the corporate-backed climate science deniers (McCright & Dunlap, 2000; 2003; Hamilton, 2007; Nisbet and Myers, 2007).[108] However, despite its painfully slow progress, U.S. public opinion *is* slowly converging with both the scientific consensus and global public opinion (PIPA, 2005). So while climate science denial has served as a useful delaying tactic, it has been increasingly unable to stem the gradual recognition of the validity of climate science from reaching the public. This reality, and the corporate response to it, is a problem to which we will return.

While industry was concerned to sow uncertainty and skepticism within the public regarding the validity of climate science during the 1990s, a much more tangible threat of *global* environmental regulation emerged on the international stage with the 1992 United Nations Conference on Environment and Development (UNCED) "Earth Summit" in Rio de Janeiro. Business fears of the UNCED conference inaugurating a renewed effort to control and regulate TNC operations were not unfounded. In

[108] Certainly the U.S. news media also deserves responsibility for the existence of 'climate confusion' within the American public. As McCright and Dunlap argue, the media's penchant for "objectivity" through the use of a balancing norm in science reporting produces what has been called the "dueling scientists scenario," especially regarding global warming. Accordingly, reporters solicit statements from scientists holding the most extreme views regarding a scientific issue, regardless of the fact that the majority of scientists may tend toward a consensus position. This false dichotomy generates confusion within the general public regarding what is widely accepted knowledge and what is a highly speculative claim. The resulting public confusion can eventually translate into political inaction and policy gridlock – disproportionately favouring powerful interests attempting to construct the non-problematicity of environmental conditions (2003, 366). Indeed as Spencer Weart notes, an analysis of articles published between 1988 and 2004 in four influential American newspapers found that more than half of the articles gave roughly as much attention to climate science skeptics as they did to the view accepted by the IPCC and all the other rigorous scientific panels. Moreover, climate skeptics often had ties to energy-industry lobbying groups that were not disclosed (Weart, 2004, 167; Also see von Storch & Krauss, 2005, 99-103).

preparations for the meetings, the UNCTC had arranged a set of recommendations addressing transnational corporations and other large enterprises and their role in sustainable development that governments might use in drafting Agenda 21 – the summit's major document (Gleckman, 1995, 95; Rowe, 2005a, 158).

Needless to say, business lobbies and certain Northern governments were less than enthused over this proposal. As Rowe documents, through the machinations of the international business lobbies and the U.S. and Japanese delegations, it became clear that there would be little if any tolerance for rules or norms imposed upon the behaviour of TNCs (2005a, 158). Moreover, as Bruno and Karliner argue, the UNCTC staff could not even get the Secretariat to accept their report, "which might have laid the groundwork for a set of international standards on corporations and sustainable development" (2002, 26). Instead, in what some have characterized as the 'corporate takeover' of the Earth Summit, official recommendations regarding the activities of TNCs were provided by industry through the auspices of the Business Council for Sustainable Development (BCSD) and the ICC (Bernstein, 2001, 121; Bruno & Karliner, 2002, 26-30; Rowe, 2005a, 158; Clapp, 2005, 26; Lock, 2006, 121).[109]

The level of industry consultation for the Summit was indeed unprecedented. Fully a year before the commencement of the Earth Summit, TNCs were given pride of place through the appointment of Stephan Schmidheiny (founder of the BCSD) as principal advisor to UNCED Secretary Maurice Strong (Nelson, 1993, 28). According to a Burson-Marsteller press release on behalf of the BCSD, Schmidheiny was appointed in order to "ensure that the world's business community participates in policy planning prior to the start of [the Earth Summit], when governments will be urged to approve a wide range of potentially far-reaching actions" (Cited in Ibid, 28). It is important to note that *no* other interest group was allowed this sort of access to the policy planning process. Even government leaders attending the June meeting were given only a mere twelve days to "enrich and enhance the deliberations of the conference" (Ibid, 29).

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[109] The environmental work of the ICC has been closely intertwined with the BCSD. In 1992, the ICC created the World Industry Council for the Environment (WICE), with the "goal of involving industry in the Earth Summit follow-up process." By 1995, WICE merged with the BCSD to form the World Business Council for Sustainable Development (WBCSD), considered by many to be the foremost industry association dedicated to environmental issues (See Najam, 2000). For a detailed listing of the WBCSD corporate membership see Appendix B

The influence of the business lobby on the policy process would become evident with the release of the final recommendations. In place of the UNCTC's recommendations, business would promote the same mixture of self-regulation and non-binding commitments that had so successfully de-railed the UN Corporate Code of Conduct in the 1970s. Indeed, as Bruno and Karliner elaborate, the BCSD and the ICC:

> Despite some friction for the most part closely coordinated policies, proceeded to demonstrate what self-regulation meant: making *Agenda 21's* chapter on business and industry compatible with their positions; lobbying, most often successfully, for the elimination of references to transnational corporations wherever possible throughout *Agenda 21*, and ensuring that the idea of even a minimal system of international regulations never gained public acceptance (2002, 30).

Similarly, Bernstein argues that the lack of TNC regulation was primarily due to the "active participation of multinational corporations in the conference" and the close relationship between the BCSD and the conference secretariat (2001, 121). According to Bernstein, industry played a dual role at the Summit:

> With some groups lobbying hard to prevent any regulation that might threaten short-term interests, while other groups, including the BCSD, argued that industry could play a positive role via self-regulation. In the end, industry was enlisted to voluntarily engage in good practices and their freedom of activity was apparently seen as important for the overall goals of the liberal economic order (Ibid, 121).

While business skillfully avoided the threat of binding international regulation through the promotion of voluntary measures, they also managed - as outlined in the literature review - to substantially redefine the goals of sustainable development to coincide with their own interests. As Harris Gleckman, former chief of the UNCTC environmental unit argues, business strategy to promote self-regulation and redefine what constituted "sustainable development" were self-reinforcing. According to Gleckman, "the self-regulation momentum could not be advanced if the UN or any other intergovernmental body could be seen *in the public eye* to be setting expectations for international business activities," as this might lead national governments to enact laws and regulations based on these recommendations (1995, 100). Thus, prior to the Rio Summit, Schmidheiny himself cautioned business "that unless we promote self-regulation…we face government regulation under pressure from the public" (Cited in Rowe, 2005a, 159). Furthermore, were TNCs seen to be unable as a collectivity to self-define and formulate a sustainable development strategy, and thereby forced to rely on definitions and standards produced by intergovernmental bodies, the case that businesses were capable of “even rudimentary self-regulation” would be severely undermined (Ibid, 100). Indeed, Gleckman reports that TNC leaders “resisted all attempts made by multilateral organizations to table meaningful definitions of sustainable development and ignored offerings from citizen groups” (Ibid, 100).

As was noted in the literature review, what ultimately emerged from the Agenda 21 process was a definition of sustainable development that had been entirely shorn of its original concern over resource scarcity and ecological limits to economic growth in favour of a definition that was consonant with corporate priorities (Carruthers, 2005, 290). Thus, the concept of sustainable development emerging from the Rio deliberations would advocate a decidedly neoliberal program of economic growth, liberalized markets, and technological innovation as the best means to realize sustainability (Chatterjee & Finger, 1994; Sklair, 2002; Carruthers, 2005; Ganesh, 2007). Steven Bernstein neatly encapsulates the results of the Summit:

> UNCED outcomes were more definite on the promotion of a liberal and growth-oriented economic order and less so on ensuring ecological viability. The form of governance that emerged from UNCED emphasized one particular pathway from the concept of “sustainable development” to produce a set of norms that legitimated the compatibility of liberal economics and environmental protection…and helped de-legitimate forms of governance that might be seen in opposition to leading economic principles (2001, 89).

For business, these results were considered a monumental success. Nigel Blackburn, then-director of the ICC, praised Agenda 21 as being positive for business, noting that:

> There was considerable potential risk that UNCED would end with a result that the business community might prefer to ignore, or indeed oppose. The environment side could have been so dominated by extreme environmentalist opinion that it questioned or rejected the need for economic growth in all countries. It could have been very negative about the role of market forces and the business world in general, and maybe multinationals in particular (1992, 5).

Perhaps more importantly than these policy successes was the ability of business to cast itself as part of the *solution* to environmental degradation rather than the culprit. This transformation in the discourse of business and the environment represented a stunning break with the past. Even business texts had previously conceded that it was the “conventional wisdom” that business and the environment were “not particularly harmonious interests” (Levy, 1997, 130). Livio De Simone, Chairman of the WBCSD would acknowledge this new reality five years after Rio, stating that business “used to be depicted as a primary source of the world’s environmental problems. Today it is increasingly viewed as a vital contributor to solving those problems and securing a sustainable future for the planet” (Cited in Pattberg, 2007, 93).

Through the re-definition of sustainable development and the emphasis on corporate voluntary regulation, environmental crisis could be viewed as solvable within the limits of the existing global political economy. Radical alternatives or even moderate restraints on corporate operations could thereby be characterized as unnecessary or even dangerous, as the paradigm of neoliberal growth and accumulation was touted as the most reasonable and rational means with which to remedy the planet’s environmental ills. Indeed, Birgit Muller views the results of the Rio Summit as a “turning point in the international legal framing of human society’s relationship to nature,” as the principles of market liberalization were “advanced as an all-purpose solution” to a wide variety of environmental ills (2006, 59).

This amalgam of business-oriented sustainable development and ecological modernization strategies – or what can more broadly be described as ‘corporate environmentalism’ – that emerged out of Rio would become the underlying foundation of environmentally focused CSR, providing the theoretical basis and rationale for corporate-inspired environmental solutions in the years to come. As we will see, in the decade following Rio, this form of corporate-inspired environmentalism would become increasingly dominant, displacing and marginalizing more radical ecological critiques – and CSR would prove instrumental to its ascendance.

To return to the consequences of the Rio negotiations, the acquiescence of national governments to corporate-led voluntary regulation at the UNCED would prove a powerful impetus for the burgeoning CSR movement as it became increasingly clear that reliance on private actors to monitor and govern themselves was deemed preferable to any modicum of state action in international environmental policy. This re-positioning of the corporation as not only an economic actor, but increasingly a *political* actor as well would drive corporations in their attempts to acquire legitimacy for their expanding role in emerging questions of corporate regulation and governance (Fuchs, 2007). Thus, as Utting remarks, the UNCED summit proved to be a “key event” in the contemporary development of CSR as the “regulatory role of the state ceded ground to corporate self-regulation and voluntary initiatives as the best approach for promoting the adoption of instruments and processes associated with corporate environmental responsibility” (2000a, 5). Moreover, the collective approach adopted by international business at Rio through the auspices of business organizations like the ICC and the WBCSD had proved its utility by successfully deflecting potential regulatory constraints through corporate advocacy for self-regulation through CSR (Bryant & Bailey, 1997). In accordance with this, Rutherford observes that in the years following Rio, sectors of the business community would incorporate “a more internationalized focus into their environmental promotional/lobbying efforts” as they realized the necessity of collective organization in the face of international regulatory pressures (2006, 83).

Indeed, the self-regulatory environmental ethos inaugurated at Rio would be emulated in other areas as the 1990s witnessed the explosion of CSR initiatives as a response to accusations of widespread corporate abuse of labour standards, human rights and the environment. As has been discussed, in the years immediately following Rio, business would experience renewed criticism as a spate of scandals throughout the 1990s sank public trust in corporations to historic lows. High profile revelations of human rights, labour and environmental abuses by major corporations such as Nike, Adidas, Royal Dutch Shell, Disney, Levis, The Gap, Unocal and Rio Tinto among others, forced corporations onto the defensive as they tried to rescue their reputations from a wave of anti-corporate activism and the prospect of renewed government regulation following in its wake (Bakan, 2006; Klein, 2000; Rowe, 2005a; Utting, 2000a).

It is within this context of public suspicion and hostility that CSR truly began to proliferate as the preferred means by which to defend the corporation’s reputation. During this period the voluntary corporate code of conduct – so successful in deflecting the past regulatory initiatives of the UNCTC and the UNCED – would become a favoured business response both to revelations of corporate misconduct and as a means to demonstrate a firm's commitment to social responsibility (Utting, 2000a; Rowe, 2005a; Lipschutz, 2005). By the end of the 1990s, most major corporations had instituted voluntary codes of conduct and were prominently displaying their CSR credentials on company web-sites, in annual reports to shareholders and through advertising and public relations campaigns (Sims, 2003; Ihator, 2004; Zerk, 2005; Rowe, 2005a).

However to position CSR solely as an attempt to restore beleaguered corporate reputations is to miss the broader implications for CSR to the overall project of neoliberal globalization. Therefore, before proceeding with the evolution of CSR and its relationship to corporate efforts to address the challenge of the environmental movement after Rio, it is necessary to briefly depart from the current line of inquiry in order to properly situate CSR within the wider context of neoliberal globalization and the forms of resistance it has called into being since the mid-1990s.

CSR and Neoliberalism

As was discussed in the review of the literature, neoliberal globalization of the economy is integral to understanding why corporate behaviour elicited such widespread public criticism during this period and why CSR was such a favoured response. As neoliberal restructuring induced the withdrawal of the state from key areas of regulatory responsibility, there emerged a "regulatory vacuum," as governments became increasingly reticent to impose costs on TNCs through stringent regulatory frameworks for fear it would discourage investment and competitiveness (Bateman, 2003; Lipschutz, 2005; Lock, 2006; Wells, 2007).[110] The effect of this vacuum has been two-fold. Firstly, it has diminished the legitimizing capability of the state vis-à-vis its domestic corporations. As Cheryl Rodgers notes, "traditional forms of legitimation for corporate

[110] While cognizant of the *de*-regulation versus *re*-regulation debate, the point should be conceded that under neoliberal restructuring, regulatory frameworks have been explicitly designed to put *less* constraints on corporate operations than the state-led systems of the past. As noted by Virginia Haufler, almost all neo-liberal reforms "are market-oriented; that is they either substitute markets and the private sector for regulatory regimes or have public agencies use market approaches, structures and incentives to achieve their regulatory goals" (Cited in Cutler, 2006, 215). Similarly, David Humphreys observes that unlike the laissez faire policies of the nineteenth century, which let the market work where it could, neoliberals agitate for the "introduction of market forces and private property rights into areas where neither has hitherto existed. Governments have been central to this process by opening up new areas where the market can operate, thus creating new investment opportunities for business" (2006, 11). Thus, while states are not passive actors in this process and have actively facilitated these policies, their net effect has been to expand rather than constrain the sphere of corporate action.

behaviour have been derived from the state machineries of regulation, legislation and the government's role as representative of public opinion" (2000, 43). As the legitimation function of the state has diminished, public attention becomes increasingly fixated on the responsibility of the corporation *itself* to address its societal impact. As Fuchs notes, the "legitimacy of business today is extremely precarious…because its political activities have not only increased but also become more noticed" (2007, 149). In effect, corporations have lost their "legitimizing intermediary" with the retreat of the nation state from certain areas of regulatory policy, forcing corporations to demonstrate their legitimacy to society through their *own* actions and pronouncements (Enoch, 2007).

Secondly, corporations have moved to fill this void through the creation of codes of conduct and other forms of voluntary CSR initiatives both as a substitute for sub-national, national or international regulation and as a means to demonstrate socially responsible business practices. These projects move far beyond the individual firm-level, addressing a host of ethical business concerns from the environment to labour standards. Examples include the Chemical Industry Responsible Care Program, the Apparel Industry Partnership, ISO 14000, Forestry and Marine Stewardship Councils, Global Mining Initiative and the Ethical Trading Initiative (Marsden, 2000; Blowfield & Frynas, 2005; Wells, 2007). The size and the societal impact of these corporate-led CSR initiatives have compelled them to assume almost quasi-governmental functions in the absence of any state-led system of regulation. Thus, Haufler characterizes CSR as "a potential new source of global governance, that is, mechanisms to reach collective decisions about transnational problems with or without government participation" (Cited in Levy & Kaplan, 2007, 32). Through these arrangements, global corporations are acquiring increasing decision-making power within the political arena as powers of governance over aspects of life traditionally associated with the state are increasingly assumed by private actors (Cutler, 2006; Fuchs, 2007; Levy & Kaplan, 2007). Thus, in an apparent contradiction of neoliberalism, corporations' past insistence on *circumscribing* the powers of the state has increasingly required them to *assume* certain powers traditionally associated with the nation-state, thereby situating them as the locus of public scrutiny previously reserved for government.[111] As Shamir argues, the basic dialectic at work here can be summarized as follows: “the more the public domain is privatized, the more the private is politicized and becomes a matter of public concern” (2005, 93).

The successful use of CSR initiatives by business has not only pre-empted the potential threat of binding regulation, but it has also opened up new arenas for commodification and privatization. By demonstrating supposed socially responsible business practice, corporations have increasingly been granted regulatory powers over areas traditionally thought the sole purview of the state. This in turn has allowed for the increased privatization and commodification of goods and services once thought exclusively the domain of the public sphere.[112] As Whitehouse observes, “the transference of many of the responsibilities once taken on by government to private companies has necessarily afforded the latter with increased influence over the welfare of individuals and communities” (2005, 158). Similarly, Arblaster notes that the “privatization of so many functions and properties which were previously in the public domain, and for which, therefore, government was ultimately responsible, represents a substantial shift of power away from government into the private sector” (2002, 100). In this respect, CSR can be thought of as contributing to the hollowing out of notions of the public altogether, either by explicitly advocating or implicitly assuming that public structures are bankrupt and that private and corporate sectors are the only means by which real social change occurs. However, while this usurpation of state power has greatly expanded the range and scope of corporate power, it has also served to activate wide-ranging popular resistance against both these expanded powers and the subsequent marketization of social life.

Indeed, the most persistent critic of neoliberal globalization has been the so-called “anti-globalization” movement – although it is perhaps better characterized as a “movement of movements” due to its diverse and multi-faceted character (Rupert &

[111] Though the degree to which this outcome may actually be desirable to the business community is a question to which we will return.
[112] In regards to the environment, this is most apparent in voluntary initiatives to trade carbon emissions and “carbon-neutral” or voluntary carbon offset programs that “price” carbon dioxide and effectively commodify elements of previously public goods such as the atmosphere. These questions will be pursued further in subsequent chapters.

Solomon, 2006, 63).[113] The participation of groups representing a wide divergence of interests, including labour, the environment, students, indigenous rights, feminism and anarchism from a multitude of countries speaks to this diversity (Rupert, 2000). Thus, due to this diversity in both ideology and praxis, it is difficult if not impossible to reduce the global justice movement's aims to one single issue. However, other commentators have argued that if there is one common element that binds the various groups that fall under the movement's umbrella, it is the desire to reclaim the commons – in all its various forms – from increasing corporate privatization and commodification and to inject participatory democratic-decision-making into what are perceived as unaccountable and corporate led institutions, such as the WTO, IMF and World Bank (Rupert & Solomon, 2006, 63-64; Johnston, 2006, 40-41; Soron & Laxer, 2006, 17).[114] Thus, with the emergence of the transnational global justice movement there appeared a clear and present danger to the viability and legitimacy of corporate-driven globalization. However even before the spectacular events of Seattle in 1999, corporate leaders had expressed concern over the sustainability of neoliberal globalization.[115] As early as 1996, WEF organizers warned their membership that globalization "had entered a critical phase," cautioning that the deleterious effects of neoliberal economic policies on workers in the industrial democracies were leading to the emergence of populist challenges to globalization that could "test the social fabric of the democracies in an unprecedented way" (Cited in Rupert & Solomon, 2006, 59-60). Equally alarmed by the emergence of populism throughout the OECD countries in response to the dislocations of

[113] It is a misnomer to label this movement "anti-globalization," insofar as what the movement objects to is the unaccountable and profit-driven character of the neoliberal variant of globalization, not globalization writ large. I therefore prefer the label "Global Justice movement," as it attempts to inject a modicum of social and economic justice into the processes of globalization.

[114] As Laxer and Soron define it, "the commons" refers to those areas of "social and natural life that are under communal stewardship, comprising collective resources and rights for all, by virtue of citizenship, irrespective of capacity to pay" (2006, 16). James McCarthy argues that the neoliberal desire to enclose and privatize the commons results not only from the desire to appropriate value from them, but also to "eliminate ethical and practicable alternatives to neoliberal orthodoxy that have proven themselves perfectly viable" (2005, 16). Thus, for McCarthy, attempts to defend or extend the commons constitutes a truly counter-hegemonic project insofar as they are reminders that property relations are social creations, not natural and thereby demonstrate profoundly alternative social relations to that of neoliberalism.

[115] It should be noted that the neoliberal project had faced numerous defeats and crises throughout the 1990s. IMF riots over neoliberal structural adjustment policies, the failure of the Multilateral Agreement on Investment (MAI), the Asian financial crisis, and the Zapatista uprising in Chiapas, Mexico all contributed to the declining legitimacy of neoliberal economic orthodoxy (See Bello, 2001; Callinicos, 2003; Harvey, 2005).

neoliberalism, Ethan Kapstein, then-director of the Council on Foreign Relations cautioned that "populists and demagogues of various stripes will find 'solutions' to contemporary economic problems in protectionism and xenophobia" (Cited in Rupert, 2000, 193).[116] Almost a full year prior to Seattle, the organizers of the World Economic Forum (WEF) in Davos again struck a note of urgency:

> We are confronted with what is becoming an explosive contradiction. At a time when the emphasis is on empowering people, on democracy moving ahead all over the world, on people asserting control over their own lives, globalization has established the supremacy of the market in an unprecedented way…We must demonstrate that globalization is not just a code word for an exclusive focus on shareholder value at the expense of any other consideration; that the free flow of goods and capital does not develop to the detriment of the most vulnerable segments of the population and of some accepted social and human standards…If we do not invent ways to make globalization more inclusive, we have to face the prospect of a resurgence of the acute social contradictions of the past, magnified at the international level (Cited in Rupert & Solomon, 2006, 60).

By way of a solution to the damaged legitimacy of neoliberal globalization, WEF founder Klaus Schwab urged the corporate membership of the Forum to try to define a more "responsible globality," through a more benevolent and inclusive form of neo-liberal globalization (Rupert & Solomon, 2006, 60; See also Bello, 2001). In the wake of the Seattle demonstrations and the failure of the WTO talks to reach any form of agreement, international business leaders evinced growing concern that the neoliberal project would unravel unless they could successfully sell the benefits of globalization to an increasingly skeptical public. A week after the events of Seattle, Adnan Kassar, then president of the ICC exhorted "the world business community" to respond to the threat of "highly organized and sophisticated groups that, for many different reasons, are hostile to trade" (Cited in Hoedeman & Doherty, 2002, 66). Similarly, C. Fred Bergsten of the International Institute for Economics warned the members of a May 2000 Trilateral Commission meeting of the "backlash against globalization," equating the post-Seattle climate to that of the crisis of democracy experienced in the 1970s. Identifying the growing resistance to neoliberalism as "the critical issue of multilateral management for

[116] It should be emphasized that elite concerns with the backlash against neoliberal globalization were not solely focused on challenges from the progressive left, but also the emergence of a populist, reactionary conservatism best exemplified by the likes of Pat Buchanan in the United States, Jorg Haider in Austria and Jean-Marie Le Pen in France (See Rupert, 2000; Rupert & Solomon, 2006).

the future," Bergsten advocated a concerted education campaign to dispel the "ignorance" and "sheer nonsense" of the critics of globalization. In his conclusion, Bergsten urged the Trilateral Committee membership to "begin devising a multi-part program to start turning the tide" (Bergsten, 2000, n.p).

Public relations leaders also recognized the threat and offered their expertise. Black, Kelly, Scruggs & Healy, a subsidiary of Burson-Marstaller sent its corporate clients a "Guide to the Seattle Meltdown," warning against the "potential ability of the emerging coalition of these [activist] groups to seriously impact broader, long-term corporate interests" (Peckham, 2000).[117] Similarly, the U.S. Public Affairs Council issued a position paper warning that the growing influence of "cyber-powered, anti-American, anti-corporate international organizations is one of the greatest challenges US corporate and government public affairs practitioners will face in the new millennium" (Cited in CEO, 2001). Moreover, in response to the heavy trade union participation in the Seattle demonstrations, GCI Group, Ketchum Worldwide and Edelman PR Worldwide all greatly expanded their labour communication units to combat the anticipated "resurgence in labour militancy" (Clancy, 2000, 44). Perhaps best articulating the position of corporate PR leaders, Dan Drobis, Chairman of Ketchum Communications declared, "the new global imperative for public relations was confidence-building to save globalization." Arguing that the declining legitimacy of globalization has largely been due to "a failure of communications," Drobis would advocate a strategic communication plan that emphasized the positive reputational benefits of CSR and corporate-NGO collaboration as a means for corporations to communicate the benefits of globalization to the public (Drobis, 2002, 8). Indeed, after Seattle the majority of international public relations houses would greatly expand their corporate social responsibility units in anticipation of a renewed campaign to restore corporate legitimacy (Rampton, 2002; Hall, 2002).[118]

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[117] The leaked guide can be viewed at http://www.commondreams.org/headlines/031000-03.htm. Its authenticity was verified by the writer, Gardner Peckham, Managing PR director for Black, Kelly, Scruggs & Healy.

[118] *PR Week* notes that Burson-Marsteller, Edelman Worldwide, Fleishman-Hillard, Hill & Knowlton, Ketchum Communications and Weber-Shandwick greatly expanded their CSR services during the period following the Seattle demonstrations (Cited in Rampton, 2002, 1-2).

I cite the above if only to establish the level of concern among corporate and public relations leaders for the sustainability of the neoliberal project and its ideological legitimacy in the face of the challenge of the global justice movement. Indeed, many scholars have pointed to the emergence of the transnational global justice movement as an instance of a potential counter-hegemonic challenge to the dominance of neoliberalism (Ammore *et al*, 2000; Rupert; 2000; Gill, 2003; Butko, 2006; Katz; 2006). While the movement contains both reformist and radical elements alike, almost all of the groups are united in their opposition to the more pernicious effects of neoliberal economic policy (Rupert, 2000).[119] Moreover, Callinicos argues that the movement should be considered "anti-systemic" insofar as the majority of groups do not simply campaign over specific grievances, but "articulate a substantive critique that is motivated by a sense of the inter-connection between an immense variety of injustices and dangers" (2003, 15). Mark Rupert clearly articulates the global justice movement's "alternative vision of global political economy" as one that is based on "democratic self-determination and transnational linkages among working people, consumers and citizens – rather than allowing unfettered markets and the criterion of private profit to determine social outcomes – these progressive forces emphasized the common sense value of "democracy" over liberalism's more traditional valorization of private property" (2000, 17).

Thus, the global justice movement can be considered a counter-hegemonic challenge to the neoliberal project insofar as it presents an alternative to the "common sense" view of neoliberalism "that the free flow of capital, trade and production does benefit all, instead of a privileged minority as maintained by globalization's opponents" (Butko, 2006, 82). Furthermore, that such resistance to the neoliberal project has developed on a *transnational* scale speaks to the dialectic at work as capital has become increasingly globalized and less anchored to territorial nation-states.

With the internationalization of capital and the commensurate development of transnational business policy networks and supra-national modes of global governance

[119] To claim the *entire* global justice movement as an example of counter-hegemony could be overly optimistic insofar as certain elements within the movement may be amenable to co-option and piecemeal reforms that could dilute the force and extent of their challenge. This issue will be pursued further in the following discussion regarding counter-hegemonic tendencies within the environmental movement (See Carroll, 2007).

such as the WTO, certain International Political Economy (IPE) scholars have argued that their has been an emergence of an inchoate, yet discernable global civil society in the Gramscian sense of the term (Rupert, 1995; Germain & Kenny, 1998; Gill, 2003; Butko, 2006; Carroll, 2007). According to Gramsci, civil society is the premier site where ideological hegemony is secured. As Boggs states, Gramsci locates the dominant beliefs of the ruling class "less within the sphere of production (though of course this was a factor) than within the larger realm of civil society, which meant that the dialectic of hegemony and counter-hegemony could in principle unfold outside the factory" (1984, 281).

Certainly, as has been demonstrated, international business groups such as the WBCSD, the ICC and the WEF have served to provide the intellectual and ideological support for the promulgation of neoliberal ideology at a global level. As Thomas Butko argues, if the "realm of production or the economic structure can be conceived internationally (especially as economic actors such as multinational corporations and global capital have internationalized production and more fully integrated economic processes across borders), then a global civil society can be conceptualized as the ideas, beliefs and cultural forces that correspond to and ideologically support the realm of production" (2006, 92). However, for Gramsci, civil society is not *only* the site where ideological hegemony is secured, but *also* the site where it can be contested. As Roger Simon explains:

> Civil society is the sphere of class struggles and of popular democratic struggles. Thus, civil society is the sphere in which a dominant social group organizes consent and hegemony. It is also the sphere where subordinate social groups may organize their opposition and construct an alternative hegemony – counter-hegemony (Cited in Amoore et al, 2000, 23).

Thus, while the early entrants into this "global civil society" include the various transnational business lobbying and policy groups that successfully overturned the post-war Keynesian consensus in favour of building both the ideological and economic hegemony of neoliberalism, this project has sparked resistance. Indeed, as Katz observes, hegemony activates counter-hegemony. Describing this process as akin to a Polanyian "simultaneous double movement," Katz argues that both reciprocally shape one another –

“hegemony informs counter hegemony, and counter-hegemonic efforts cause hegemonic forces to re-align and reorganize themselves” (2006, 336).

With the development and growth of the neoliberal historic bloc emerging out of the 1970s, a subsequent counter-movement, best exemplified by the global justice movement and its coterie of transnational institutions – such as the World Social Forum (WSF) and the Transnational Institute – have emerged as a potential counterweight (Carroll, 2007). The development of this challenge at the transnational level should not be surprising given the dialectical nature of hegemony. As Robert Cox puts it, a counter-hegemonic challenge to the “dominance of *global* capital can only be developed within the auspices of a *global* civil society” (Cited in Katz, 2006, 336). Indeed Evans points to the irony of how the very same “transnational ties, transportation and information technology, that have facilitated the globalization of neoliberalism have also facilitated a global counter-hegemonic endeavor, allowing citizens in marginal positions to make gains that would not otherwise be possible” (Cited in Davidson, 2007, 110). That being said, akin to the multi-level nature of corporate neoliberal policy networks, this counter-hegemonic project occupies social space at the local, national and transnational level in order to present “a consistent, conscious challenge” to the dominant attributes of the neoliberal order (Worth, 2002, 302).

However, we should not entertain the notion that this contest on the terrain of an emerging global civil society is balanced or equal. As Carroll concedes, global civil society is profoundly tilted in the favour of capital in lieu of its power and influence in “national politics, in international relations, in global governance and in mass communications” (Ibid, 39). Yet this should not diminish the extent of this counter-hegemonic challenge. Indeed, as has been documented, corporate concern over the depth of this challenge was acute enough to spur action in defence of the neoliberal project. Indeed the need to contain and accommodate challenges to the hegemonic order – within reason – exemplifies the dynamic nature of hegemony as outlined by Gramsci. Hegemony does not just *passively* exist as a form of dominance. It must be “continually renewed, recreated, defended, and modified. It is also continually resisted, limited, altered, challenged by pressures not at all its own” (Williams, 1977, 112). The mobilization of an integrative hegemony does not preclude conflict; rather it seeks to forge a substratum of agreement that can withstand the division and disruptive forces arising from conflicting interests (Femia, 1987, 39). Hegemony's "wager" is that it is strong enough to counteract opposition and class conflict through appeals to notions of the universality and naturalness of the social order. But this outcome is far from guaranteed. As Williams notes, any hegemonic process must be "especially alert and responsive to the alternatives and opposition which question or threaten its dominance (Williams, 1977, 113). Furthermore, as Boltanski and Chiapello observe, "capitalism has always relied on critiques of the status quo to alert it to any untrammeled development of its current forms and to discover the antidotes required to neutralize opposition to the system" (Cited in Shamir, 2005, 94). Thus, the prevailing neoliberal hegemony must react to opposition, channeling resistance into reforms or adjustments that, while possibly altering the surface features of the ruling order, nevertheless leave its central tenets unchallenged.

Certainly, the explosion of CSR-inspired initiatives, consultancies, and institutions during this period amidst calls by corporate leaders to embrace a more responsible and compassionate form of neoliberalism or "globalization with a human face" can be viewed as one form of Boltanski and Chiapello's "antidote" to counter-hegemonic opposition. That CSR held pride of place among corporate leaders as the preferred means to combat the growing criticisms against neoliberalism is evinced by the creation of the UN Global Compact between 1999-2001. Originally developed during the 1999 WEF Summit in concert with UN Secretary-General Kofi Annan and the ICC, the Compact was proposed as a means to fill "the governance void in the global economy" and to "humanize the globalization process" (Vogel, 2005, 156). The Compact itself states its vision as promoting "responsible corporate citizenship so that business can be part of the solution to the challenges of globalization," while contributing to a "more sustainable and inclusive global economy" (Cited in Deva, 2006, 116). Indeed, Annan himself warned that without sufficient efforts to display the efficacy of corporate citizenship, "the backlash against globalization will grow even stronger" (Cited in CEO, 2000, n.p). Part of the original rationale for the Compact was to deflect criticism away from the beleaguered international trade and investment regimes – such as the WTO, IMF and World Bank – by offering an alternative forum through which critics could advocate for human, labour and environmental rights. As Knight and Smith observe, the Compact effectively frees institutions like the WTO "from the need to concern itself seriously with the social, environmental and ethical side-effects of neoliberal economics" (2008, 194). Indeed, Annan himself argued the Compact could serve to overcome the threat posed by various interest groups "to load the trade regime and investment agreements with restrictions aimed at reaching adequate standards in human rights, labour and environment" (Cited In Utting, 2000b, 8).

The Global Compact itself is a multi-stakeholder CSR initiative that calls on multi-national business to adopt a set of core UN principles covering human rights, workplace standards, anti-corruption and environmental protection within all the countries in which they operate (Vogel, 2005; Deva, 2006). With over 2,300 corporate participants, the Compact represents the "world's largest voluntary-based CSR strategy" (Soederberg, 2007, 502). However, like other CSR agreements of this sort, compliance is strictly voluntary involving no binding regulatory instruments – the Compact "does not police, enforce or measure the behaviour or actions of companies" (Deva, 2006, 116). Rather, it advocates "learning-based" internet-driven "virtual" dialogues[120] between participating corporations and NGOs for the purposes of divining "best practices" that can be emulated by other corporations or in UN sponsored "private-public partnerships".[121] Thus, the Compact relies solely on the "enlightened self-interest" of participating corporations coupled with whatever moral suasion participating NGOs can exercise to ensure compliance with its core principles (Hughes, 2001; Vogel, 2005; Deva, 2006; Soederberg, 2007).

Many critics have attacked the lack of enforcement mechanisms in the Compact as enabling corporations to leverage their membership, regardless of responsible performance, in order to boost their own reputations.[122] Indeed, some critics have labeled

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[120] The "Learning Forum" features a databank and Internet platform for sharing best practices and in-depth case studies that are then critiqued by academics, NGOs or other civil society actors. The results of these "dialogues" are then reviewed at an annual conference (See Khagram & Ali, 2008, 154).
[121] As Hughes observes, "the most proficient among Internet users are NGOs and civil society actors in the industrial countries; few outside of elites in [parts] of the developing world have such a capacity." This raises the question of whether those able to participate in the Compact are truly representative of the concerns of world citizenry (See Hughes, 2001, 158).
[122] The most visible critic of the Global Compact is the Alliance for a Corporate Free United Nations (ACFUN), which voices concern over the level of corporate influence within the United Nations (See Knight & Smith, 2008).

the Compact and its corporate membership as constituting “bluewash;” as corporations trade on the international credibility of the U.N. logo for their own public relations purposes (Soederberg, 2007; Knight & Smith, 2008).[123] Certainly, the UN’s own independent assessment of the efficacy of the voluntary nature of the Compact has documented meager rates of compliance.[124] However, ICC Secretary-General Maria Livanos Cattaui clearly articulated the business preference for this “soft approach” in an *International Herald Tribune* editorial, arguing that business “would look askance at any suggestion involving external assessment of corporate performance, whether by special interest groups or by UN agencies. The Global Compact is a joint commitment to shared values, not a qualification to be met.” Cattaui further warned that the Compact “must not become a vehicle for governments to burden business with prescriptive regulations” (2000, 8).

Thus, as with other CSR initiatives, the Global Compact prioritizes private self-regulation as a means to pre-empt more binding international standards on TNCs. In this regard, while the Compact does not offer anything that entirely novel as a means to subvert counter-hegemonic challenges like that of the Global Justice movement, it does represent perhaps the most concerted, institutionalized and international use of CSR to defend neoliberalism from its critics (Knight & Smith, 2008). As Soederberg argues, the Compact “must be seen as a response, albeit itself highly contradictory, to the ongoing crisis of legitimacy of neoliberalism, or more specifically, the growing power of TNCs over all aspects of social life” (2007, 506). Recalling the dialectic that Shamir identified, we can consider the Global Compact – and the CSR movement more generally – as an attempt to prevent the politicization of a private sphere that has increasingly encroached upon that of the public under neoliberal globalization.

From a Polanyian perspective, as the neoliberal project has allowed for the greater market penetration of the public sphere, it has spurred the activation of counter-movements exemplified by the Global Justice movement. This activation of resistance to

[123] The participation in the Global Compact by corporations with particularly dismal records in regards to human rights, labour and the environment has also aroused substantial NGO opposition to the Compact (See Utting, 2000, 11).
[124] The 2004 McKinsey & Company audit of the Global Compact, *Assessing the Global Compact’s Impact* found that relatively few of the participating corporations provided comprehensive evidence of compliance, while only 9 percent of participating companies were “taking actions that they would not otherwise have taken had they remained outside the initiative” (Cited in Utting, 2007, 704).

neoliberalism recalls Polanyi's concept of the 'double movement,' that refers to society's "inevitable self-protection against the commodification of life" (Birchfield, 1999, 38).[125] Polanyi writes: "For a century the dynamics of modern society was governed by a double movement: the market expanded continuously but this movement was met by a counter-movement checking the expansion in definite directions' (Polanyi, 2001, 136). As Polanyi argued, there is no logic internal to the market to prevent it from exploiting land and labour in unsustainable ways. Polanyi pointed to the necessity of public regulation in order to prevent markets from destroying their very own basis for existence (Rowe, 2005a, 143). As Rowe insightfully argues, what makes CSR novel to the *neo*liberal project is that it operates to stall the public regulatory impulse integral to previously liberal market societies (Ibid, 163). CSR ostensibly "jams" the second half of the double movement, forgoing state regulatory efforts that would *constrain* rampant privatization and commodification in favour of private self-regulation that facilitates *increased* marketization of previously public goods.

CSR initiatives like the Global Compact thereby offer a privatized and voluntary – and perhaps illusory – form of social protection from market forces through the auspices of the socially responsible corporation. Moreover, efforts such as these frame market-led, voluntary corporate initiatives as a satisfactory "check" on corporate power, thereby delegitimizing the need for national governments or supra-national governmental agencies to exercise any form of authority over corporate operations. Furthermore, by attempting to divert counter-hegemonic challenges away from investment and trade regimes such as the WTO onto the more manageable terrain of the Global Compact – where participants can be selected and 'dialogued' with – allows for the potential to blunt the more serious challenges to neoliberalism. By attempting to divert political struggle away from the economic decision-making processes that ultimately drive environmental degradation and social inequality serves to occlude the very real responsibility these institutions hold in this regard. As Soederberg concludes, by denying the regulatory role of the state in CSR initiatives such as the Global Compact, "the Compact's architects

[125] As Michael Burawoy cautions, we should not turn Polanyi's double movement into "an inexorable law." While the expansion of markets can activate social counter-movements, they can also be followed by "reaction or withdrawal" as the Russian experience with free market "shock therapy" demonstrates (See Burawoy, 2003, 244).

have not only depoliticized struggle (counter-hegemonic movements) around the activities of TNCs by attempting to delimit the site of struggle to cyber-space [the learning dialogues], but also freed bourgeois states of any responsibilities for their decisions to implement business-friendly environments with human and ecological costs" (2007, 510).

Finally, the decidedly undemocratic nature of CSR initiatives like the Global Compact must be considered. Despite rhetoric heralding the creation of a more inclusive neoliberalism through the participation of NGOs and civil society actors in such proposals, public input or democratic deliberation remain virtually non-existent. By acquiescing important regulatory decisions over the workplace, the economy and the environment to non-elected private actors, (whether corporate *or* NGO) the public is ostensibly removed from the terrain of the debate. While rhetoric about dialogues and partnerships put forth the pretence of democratic deliberation, we will see that it is a decidedly select group who are ultimately allowed to participate.

While all of these above themes will be further developed in the following chapters, the point to emphasize here is that CSR involves much more than the simple restoration of damaged corporate reputations. It has been deployed as a means to defend the legitimacy of the neoliberal project and as a means to subvert the counter-hegemonic challenge of critics such as the Global Justice movement. In this regard, CSR initiatives such as the Global Compact closely follow Gramsci's admonition that the maintenance of ideological hegemony requires that the ruling order make certain accommodations to its opponents while leaving the central tenets of the hegemony unchallenged. While CSR assists in the *appearance* of a kinder and gentler form of neo-liberalism, it remains neo-liberalism nonetheless insofar as it continues to devalue the role of the state and prioritizes the market as the best provider of social goods.

However in order to better explicate this process of how CSR has been deployed to manage corporate critics it is necessary to return to the question of environmental degradation and the corporate response. This is important not only because the environment has been a prime area of concern for CSR, but also because the manifest contradictions of environmental degradation hold the potential to not only destabilize the neoliberal project, but also to undermine faith in capitalist socio-economic relations itself. It is to these questions that I now turn.

Chapter Six

"Disaster Triumphant:" Environmental Crisis and the Politics of Accommodation

The following chapter seeks to further develop the line of inquiry pursued in the previous section. While CSR can be viewed as a means to contain and manage potential counter-hegemonic challenges, what follows is an attempt to provide in greater detail how this process has evolved in the political conflicts manifest over environmental degradation. Evidence of increasing environmental instability and decay as the result of industrial production coupled with concern over the privatization and commodification of the natural commons have formed a powerful part of the overall critique that has so damaged the legitimacy of neoliberalism (Layfield, 2008; McCarthy & Prudham, 2004). However, in certain respects, the environmental critique has the potential to push beyond its criticisms of the neoliberal *variant* of capitalism and indict capitalist socio-economic relations themselves as the primary culprit of environmental deterioration. Given this radical potential, it should not be surprising that the corporate response to the environmental challenge has been so well organized and far-reaching. The following details how corporate groups have developed strategies to both accommodate and subvert aspects of the environmental critique and how the evolving tactics of CSR and public relations have proved integral to this effort.

The success of CSR initiatives after the Rio Summit in both curtailing binding environmental regulations and opening up new vistas for corporate profit-making through the promotion of corporate environmentalism stood in stark contrast to the efficacy of more conventional public relations strategies. As was mentioned in the previous chapter, corporate attempts to downplay the effects of their operations on the environment through liberal public relations campaigns – while initially successful – were increasingly losing their ability to persuade as the consequences of climate change and other environmentally damaging activities became all too difficult to dispel. Climate change denial increasingly became a futile attempt to "refute the ever more irrefutable" (McKie & Galloway, 2007, 368). Indeed, during the latter half of the 1990s corporate PR strategies to dismiss environmental concerns as unscientific hysteria quickly began to unravel. Perhaps the most visible manifestation of this was the collapse of the Global Climate Coalition, as its corporate membership – fearing they were on the wrong side of history – began a mass exodus from the organization while taking care to distance themselves from the GCC's environmental policies and proposals. Of its major corporate members, DuPont would be the first to leave in 1997, followed by the spectacular exit of BP-Amoco – the first oil major to accept the science of climate change – continuing with Royal Dutch Shell, Ford, Daimler-Chrysler, Texaco and General Motors a short time later (Beder, 2002, 238). Spencer Weart neatly sums up the myriad pressures facing business to alter its stance on the environment during this period:

> As the international consensus of scientists became clear, some business leaders began to think that it was only prudent to plan for the contingency that restrictions would some day be imposed on greenhouse gas emissions. Moreover, public opinion might turn against their business if it took the wrong stand on global warming. Executives in the insurance industry began to worry that climate change itself might hurt their profits, for in fact their payouts for storms, droughts and floods were increasing at a surprising rate. Pressed by environmentalist groups as well as by general public opinion, prominent corporations pulled out of the Global Climate Coalition. By 2000, many publicists were abandoning the claim that there was no global warming problem, and shifting to claims about the most business-friendly way to address it. More efficient use of fossil fuels, alternative energy sources (not forgetting nuclear), and changes in forestry and agriculture all held promise for improving profits while reducing emissions (Weart, 2007). [126]

This is not to suggest that business shifted *en masse* into the environmentalist camp. Certain corporations remained and continue to remain committed to the denial campaign; Exxon-Mobil being the most famous case, soldiering on until revelations of its climate denial public relations campaigns forced it to grudgingly accept the science in 2007 (Weart, 2007). However, despite the continuing existence of holdouts, the transformation in corporate attitudes towards environmental issues in the late 1990s and early 2000 still remains quite remarkable. Commenting on BP-Amoco's startling acceptance of climate change science in 1997, *Industry Week's* William Miller characterized it as a "shock

[126] This passage is taken from Weart's extended online version of his *The Discovery of Global Warming*, available at www.aip.org/history/climate/public2.html

wave" that "reverberated throughout business, government, and the environmental community. Here was a major multinational company – an oil company, no less – breaking ranks with what was then the virtually unanimous industry position: skepticism, if not denial, of a global warming problem and opposition to steps to combat it" (2001, 39). Similarly, the *Los Angeles Times* declared BP's reversal "a break as stunning as that which shook the tobacco industry," while the *Wall Street Journal* pronounced BP's stance "a maverick position" (Cited in Vogel, 2005, 124). A mere four years later, Miller noted that "industry's stance on the climate-change issue has shifted markedly, so much so that statement's like [BP's] are no longer unusual" (Ibid, 39). Indeed, the dawn of the new millennium witnessed a veritable "greening of business," as key elements of industry began to concede the reality of environmental crisis and the necessity of action to address it (Gelbspan, 2000; Miller, 2001; Levy & Egan, 2003; Weart, 2007). Perhaps the most telling example of this was the January 2000 meeting of the World Economic Forum (WEF) in Davos, where the CEOs of the world's 1,000 largest corporations voted climate change as "the most urgent problem facing humanity" (Gelbspan, 2000). As this consensus among industry has grown, Martin Hajer argues that environmental conflict has essentially become discursive: "It no longer focuses on the question of whether there *is* an environmental crisis," Hajer writes, "it is essentially about its interpretation" (1997, 13).

While cognizant that this "greening of business" did not, and still does not encompass the entire corporate sector, what then constituted this sudden reversal among leading elements of industry? As has been established, the growing scientific consensus certainly placed pressure on industry to shift its position on the environment. Moreover, key industries began to face a growing backlash from the public due to their extensive climate science denial PR campaigns. Environmental groups in Europe and the U.S. managed a series of highly publicized exposés, documenting industry funding for climate skeptics and seriously damaging the credibility of the industry position (Gelbspan, 1997; Rampton & Stauber, 2001; Levy & Egan, 2003). One Ford Motor Company executive acknowledged that the denial campaign was no longer working:

> [A]ppearing negative hurts. We lost the first round of battles. We are now trying to be more positive with the science, while still pointing to the high cost of

> precipitate action. Our actions will be less strident in the future (Cited in Levy & Egan, 2003, 819).

An auto industry public relations executive expressed more dour sentiments, remarking; "once you concede the science, all that is left is to argue the extent of liability and the timetable for emission reductions. It's a lost cause" (Ibid, 820).

Despite these pronouncements, this narrative of business on the losing end of a discursive environmental conflict resulting in the mass "greening" of industry concedes too much. Moreover, it fails to adequately address why the conventional corporate public relations campaigns propagated during this period failed to the extent they did, nor why CSR became the preferred legitimation strategy in lieu of the denial campaign's failure. While business has most certainly felt the multiple pressures to reform outlined above, what business has actually *conceded* (particularly in terms of environmental policy) in this contest is of integral importance. As will be explored in what follows, it is my contention that rather than outright defeat, business has constructed a strategic accommodation in regards to the environment that continues to give priority to corporate interests and that the evolution of CSR and public relations – rather than contributing to defeat – have actually proved vital to this effort.

In order to elucidate the claim that business has managed a strategic accommodation to the environmental challenge through the tactical use of CSR and public relations, it is necessary to once again view the dynamics of environmental politics during the last two decades through a Gramscian lens in order to illuminate the dynamic nature of the contest between the environmental movement and certain key elements of industry. As has been discussed, the 1990s were witness to mounting evidence of environmental crisis coupled with elevated public concern and anxiety. These fears were punctuated by a string of warnings throughout the decade that predicted serious ecological and economic consequences to come unless drastic measures were not quickly adopted. Thus, the Club of Rome, the UNEP, the IPCC, the World Resources Institute and Earth Island Institute all considered the 1990s to be "the decisive decade when humanity's environmental decline had to be reversed or it would accelerate beyond our control" (Buell, 2003, 188). Although gradual, the notion that a global environmental crisis was a distinct possibility if humanity continued with business-as-usual became all the more apparent and publicly accepted (Dunlap & Scarce, 1991; Beder, 2002; Buell, 2003; Oosthoek & Gills, 2008).[127] Perhaps nowhere was the gravity of the situation more succinctly stated than in the 1992 *World Scientists Warning to Humanity:*

> The earth is finite. Its ability to absorb wastes and destructive effluent is finite. Its ability to provide food and energy is finite. Its ability to provide for growing numbers of people is finite. And we are fast approaching many of the earth's limits. Current economic practices which damage the environment, in both developed and underdeveloped nations, cannot be continued without the risk that vital global systems will be damaged beyond repair (Cited in Speth, 2004, 17).[128]

As the more dystopian aspects of industrial production became increasingly apparent and environmental concerns such as climate change became global in scope, the growing recognition of environmental crisis facilitated a critical look at the economic practices behind it (Jacobs, 1991; O'Connor, 1994a). Writing at the beginning of the decade, Green economist Michael Jacobs observed:

> [I]t is evident that the causes of environmental damage lie in economic activities – in agricultural and industrial production, in the consumption of energy and the discharge of wastes. Few will deny that it is the scale and pattern of these activities which are responsible for the pollution and exhaustion of natural resources now causing so much alarm. To the naïve observer it might then appear obvious that, if the crisis is to be tackled, economic policy must be changed (1991, xiii).

Thus, no longer could the idea of unlimited and unregulated economic growth coupled with incessant consumption be regarded as a pure positive good nor environmentally benign. Such reflection harbored the potential to challenge not only the ideological hegemony of economic neoliberalism, but also many of the central tenets of industrial capitalism, if not western conceptions of progress altogether. Various scholars have identified these tenets as constituting the underlying bedrock of what Toby Smith (1998)

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[127] It should be noted that this growing awareness of environmental crisis has given rise to a significant body of work concerned with the emergence of a "Risk society,' where the "harmful effects of industrial capitalism can no longer be externalized. Globalization has removed the possibility of an exterior space where adverse side-effects such as pollution, inequality, poverty or unwanted populations can be safely contained without further effect. Problems can no longer be safely distanced from the contexts that produce them" (Cited in Knight & Greenberg, 2001, 218).

[128] Some 1,700 of the world's leading scientists, including the majority of Nobel laureates in the sciences, issued this appeal in November 1992. In 1997 the plea was repeated with renewed urgency in the *World Scientists Call for Action*. For the full text of the statement see http://www.ucsusa.org/ucs/about/1992-world-scientists-warning-to-humanity.html

has deemed the "hegemony of productivism." Loosely defined, the hegemony of productivism refers to a range of historically deeply embedded assumptions regarding the desirability of limitless capitalist accumulation, unlimited property rights, economic growth and the consumptive ethic; faith in technological progress and technocratic expertise, and the appropriateness of dominating nature through science (Adkin, 1992; Smith, 1998; Douglas, 2007; Oosthoek & Gills, 2008).[129] As Smith observes, with the emergence of urgent environmental problems such as ozone depletion and global warming, the discourse of productivism "is being challenged by its own dystopian shadow." With this rupture in productivist hegemony, a gap is created that threatens its coherence, "revealing the uncertain nature of what is normally taken to be a natural, permanent social structure" (Smith, 1998, 5-6). Ulrich Beck detects a similar erosion of legitimacy of key western precepts due to the realities of ecological crisis. Maarten Hajer writes:

> Beck suggests that the ecological deficit of industrial society directly backfires on the institutions that have been erected over the course of industrial modernization… [casting] doubt on the social basis of the central institutions of modern society: science, the legal system, representational political institutions and the market economy. Science is implicated because it contributed to the causes of the ecological problems and has been the prime source of legitimation (Hajer, 1997, 36-37).

Certainly, many scholars have documented this erosion of public trust in industry, science, scientists and government institutions as the relationship between environmental problems and technological failure have become increasingly apparent (Worcester, 1993; Greenburg & Williams, 1999; Eckersley, 2004; Marshall & Picou, 2006). One multinational study of environmental attitudes documents how attachment to the key tenets of productivism or the "dominant social paradigm," militates *against* environmental concern and supports the belief that environmental problems can be resolved within the prevailing political and economic arrangements. Conversely, suspicion of the key tenets is correlated with increased environmental concern and support for more radical solutions (Kilbourne, Beckmann & Thelen, 2002). These

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[129] Sociologists have defined these same set of beliefs as constituting the "Dominant Social Paradigm" (DSP) in most western societies, equally emphasizing the hegemonic and "taken-for-granted" nature of this political, economic and technological belief structure (See Shafer, 2006, 121; Kilbourne, Beckman & Thelen, 2002, 194).

findings illustrate the degree to which the perception of ecological crisis is dependent on the critical questioning of the key tenets of productivism, while also illustrating the power of this hegemonic worldview to preclude a more radical environmental consciousness.

Suffice it to say, there is quite a lot at stake in the maintenance of the hegemony of productivism, for to reject it would be to reject ideas central to advanced industrial capitalism, if not Western ontological and epistemological assumptions altogether. However, both the mounting physical evidence of environmental deterioration coupled with the counter-hegemonic claims of elements within both national and international environmental movements throughout the 1990s began to seriously disrupt the stability of these previously unassailable beliefs (Adkin, 1992; Smith, 1998; Buell, 2003; Enoch, 2007). This is not to claim that the environmental movement constitutes a counter-hegemonic movement *in toto*. Like the wider Global Justice movement, the environmental movement – both within national borders and beyond – is decidedly heterogeneous, encompassing a wide array of political beliefs and positions (Adkin, 1992; Smith, 1998; Gerlach, 1999; Kebede, 2005). Thus, Kebede usefully distinguishes between "partial counter-hegemonic" environmental groups that, while challenging certain aspects of productivist hegemony, nevertheless limit their demands within the span of the prevailing hegemony versus "total counter-hegemonic" groups that demonstrate a fundamental critique of the socio-economic relations that they believe are at "the heart of environmental degradation, resource depletion, pollution and overpopulation (2005, 90).[130] Irrespective of these differences, both reform-minded and more radical elements of the environmental movement constituted a substantial challenge to "business-as usual," whether it was due to their role in raising environmental consciousness, mobilizing public opinion or advocating for increased environmental

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[130] Kebede characterizes institutionalized national environmental organizations as instances of "partial counter hegemony," and grassroots environmental justice organizations (GEJOs) as instances of "total counter-hegemony," due to their specific focus on the role of social inequalities in perpetuating environmental injustice (2005, 87-91). The constituents of GEJOs, unlike those of national mainstream environmental groups also tend to occupy the lower economic strata and comprise disproportionately people of colour and women (Miller, 2002, 97). At the international level, important parts of the Third World environmental movement also reject key tenets of the hegemony of productivism and the neo-liberal variant of capitalism (See Van Der Heijden, 1999; Mol, 1999). Indeed, many scholars point to the resurgence of a radical environmental counter-current in opposition to a mainstream environmentalism that is criticized as too intimate with government and corporate power and insufficiently critical of the systemic nature of environmental degradation as evidence of this distinctive ideological split (Dowie, 1995; Smith, 1998; Van Der Heijden, 1999).

regulation, even if not providing a wider systemic critique of the socio-economic forces responsible for ecological degradation. Indeed, even when *not* attached to a wider systemic critique of industrial capitalism, the ecological concerns propagated by environmental groups represent, according to McCarthy and Prudham, the "most powerful source of political opposition to neoliberalism," challenging "unrestrained materialism, rampant instrumentalism and crass utilitarianism" (2004, 275-278). However, although I separate the environmental critique of neoliberalism from the wider critique of industrial capitalism, certain scholars view them as inextricably linked insofar as contemporary capitalism relies on the neoliberal economic model to penetrate previously inaccessible markets through the commodification and privatization of public goods and the natural commons; or what Harvey has deemed "accumulation through dispossession" (See McCarthy & Prudham, 2004; Harvey, 2005; Kovel, 2007).

Thus, the manifest environmental contradictions of industrial capitalism emerging during this period constituted a challenge not only to prevailing neoliberal economic practices, but also a potential ideological challenge to the belief structure that undergirds core western political, economic and technological beliefs. The compound nature of this challenge can best be characterized as constituting an "organic" crisis or "crisis of hegemony" in the Gramscian sense of the term. An organic crisis results when "incurable structural contradictions" have reached maturity and have "revealed themselves" (Simon, 1982). The appearance of these contradictions can detach the masses from the traditional ideologies of legitimation and serve to undermine 'active consent' towards the system (Femia, 1987; Kebede, 2005). As Kebede describes, the underlying basis of active consent is the belief that the system is capable of resolving its own manifest contradictions (such as environmental degradation). However, as facts contradicting this premise become apparent (such as accelerating environmental degradation), active consent diminishes and 'passive consent' takes its place (Kebede, 2005, 86; See also Femia, 1987). Passive consent is not equivalent to outright dissensus however. Kebede describes passive consent as "marked by contradictory appraisals of social reality. People are reluctant to be persuaded by traditional ideologies, yet they are not ready to express their grievances" (Ibid, 86). Similarly, Boggs characterizes the initial stages of a crisis of hegemony as resulting in contradictory and unpredictable political responses coupled with mass expressions of apathy, cynicism and confusion (1984, 164-165).

In essence, the popular mind is seized by a 'contradictory consciousness,' in which the accepted, dominant conception of the world is increasingly called into question by the counter-evidence of lived experience. This is not to suggest that the mere perception of increased environmental deterioration simultaneously activates some deep-seeded anti-capitalist or anti-modernist consciousness. The argument here is that as these contradictions become more apparent, previously unassailable beliefs become unstable, which while initially eliciting confusion, can also open up the *potential* for a critical questioning under the right circumstances. In essence, there is a disjuncture between "meaning" and "experience," as the prevailing hegemony still occludes the ability to locate the true source of ecological degradation despite the accumulation of evidence before our eyes. Indeed, we have seen evidence of such public confusion over the environment in the polling data cited in the previous chapter. An especially illuminating 1995 study by the Merck Family Fund further suggests this manifestation of public confusion in regards to the environment. The survey found an overwhelming majority of Americans acknowledged the disproportionate responsibility of the United States for global environmental problems and that protecting the earth would entail "major changes" in their current way of life. However the survey also registered "widespread confusion over how such changes would be brought about," with respondents recognizing that their own agency extended only to small voluntarist acts such as recycling (Cited in Soron, 2006, 236-237). The above suggests that while there exists an impulse by the public to act in more profoundly environmentally responsible ways, it remains inchoate unless it can be harnessed to a specific project that could successfully marshal this desire and provide political direction. Under such circumstances, who ultimately defines "how such changes would be brought about" wields considerable ideological power. Indeed, as Johnston notes, because "environmental discourses tell competing stories about the world around us, they affect how societies do and *do not* respond to ecological crises" (2006, 39, my emphasis).

Thus, such a situation provides the terrain for significant political and discursive struggle as alternative, emergent conceptions of economy and ecology compete to supplant the prevailing economic orthodoxy of neoliberalism and the hegemonic worldview of productivism. However, this ideological contest is not confined strictly to the public. As Kebede notes, hegemonic crisis also threatens the dominant coalition of interests as their own consensus frays and disunity is fostered (2005, 85). Certainly as the manifest features of environmental crisis have become all the more apparent, there have been decisive splits within the corporate community as how best to respond. While a majority of fossil fuel and related industries initially backed outright denial, the global insurance industry, cognizant that the consequences of climate change might irreparably harm their profit margins, publicly acknowledged the possibility of environmental catastrophe if steps were not immediately taken to ameliorate the problem (Gelbspan, 1995; Newell & Paterson, 1998; Weart, 2007). Moreover, as we have seen, while fractions of industry remained committed to a public relations campaign of denial, other leading elements of industry admitted to the problem and sought a more pro-active posture in order to exercise a leadership role over the environmental debate so as to better manage the potential regulatory outcome (Najam, 2000; Miller, 2001; Roper, 2005). Indeed, Gramsci anticipates such divergent strategies to resolve hegemonic crisis. Efforts to repair the prevailing hegemony cannot be merely defensive but must also be *formative* (Simon, 1982; Hall, 1987). Considerable political and ideological work must be undertaken in order to create a new balance of forces that appears capable of resolving the extant crisis. As Roger Simon observes, ruling groups may have to undergo far-reaching changes and a process of restructuring if they are to survive:

> If the crisis is deep – an organic one – these efforts cannot be purely defensive. They will consist in the struggle to create a new balance of political forces, requiring a reshaping of state institutions as well as the formation of new ideologies; and if the opposition is not strong enough to shift the balance of forces decisively in their direction, the conservative forces will succeed in building a new system of alliances which will reestablish their hegemony (1982, 38).

Thus the existence of crisis does not necessitate the demise of the prevailing hegemony. Rather it sets in motion a contest between the existing hegemonic coalition and emergent, counter-hegemonic groups. Indeed, as Stuart Hall writes, a crisis is not "an immediate event but a process; it can last for a long time, and can be differently resolved; by restoration, by reconstruction or by passive transformation" (1987, 20). However, by no means should this contest be viewed as an equal affair: "By virtue of their economic, intellectual, and political power at their disposal, dominant groups are capable of, as Gramsci notes, with greater speed and agility, controlling the situation that may be slipping out of their hands" (Abede, 2005, 85).

Certainly, the extent of corporate mobilization in regards to the challenge of environmentalism previously documented attests to this fact as business marshaled its extensive expertise, money, and organization in an attempt to shape how environmental problems were perceived – if at all (Rutherford, 2006, 84). However, the ability to successfully resolve this crisis to the benefit of dominant ruling groups depends upon whether a sufficient accommodation can be made with competing groups that, while allowing for some measure of reform, does not affect the vital interests of the dominant coalition (Cox, 1983; Levy, 1997; Abede, 2005; Roper, 2005). As has already been discussed, although "hegemonic leadership obliges the dominant class to make concessions which may run against its own narrow interests," such sacrifices, according to Gramsci "cannot touch the essential, for though hegemony is ethico-political, it must also be economic, it must necessarily be based on the decisive function exercised by the leading group in the decisive nucleus of economic activity" (Cited in Carroll, 1989, 3). Therefore, while accommodations and concessions can be granted, they must not fundamentally alter the economic power of the leading group, nor the economic system that grants these groups their power. Reforms must remain 'system-serving,' as it were.

Indeed, this process of accommodation, compromise, restructuring and re-alignment that a hegemonic crisis calls forth is signal to understanding the shifting strategies of the corporate sector in response to the environmental challenge. As we have seen, the defensive public relations campaign of denial, particularly concerning climate change, was proving less and less effective in the face of growing scientific evidence and the counter-claims of the environmental movement. Moreover, leading elements of industry, realizing that open defiance of environmental concern in general and climate science in particular, could jeopardize their long-term interests, moved to a more 'accommodationist' position in order to restore their legitimacy and position themselves – in Paul Rutherford's words – as "capable and concerned environmental agents" (2006, 97). In this sense we can view these leading elements of industry as attempting to re-assert their 'moral and intellectual leadership' over issues of environmental concern. As Gramsci argues, to maintain ideological hegemony, the dominant class must exercise "moral and intellectual leadership," through which "a common social-moral language is spoken, in which one concept of reality is dominant informing with its spirit all modes of thought and behaviour" (Cited in Femia, 1987, 24). As we have seen in regards to questions of environmental concern, business was for the most part certainly *not* exercising a leading role in these debates, relying instead on tactics of denial and delay.

As the failure of the denial campaign illustrates, business responses to environmental contradictions were initially defensive and reactive. However, as these strategies to dismiss environmental concern proved increasingly ineffective, the business position became more and more untenable as it was being significantly outmaneuvered by the counter-claims of the environmental movement. Under these circumstances, business was not in a position to exercise ideological control over the terms of debate as the views they promulgated were increasingly deemed anachronistic. As Carroll suggests, corporate elites fought an ostensible "rear-guard" battle over the question of the environment until a sufficient "eco-capitalist" response could be developed to win back its lost legitimacy in this area (2006, 46). Thus, business not only failed to exercise their intellectual leadership in regards to possible solutions, but through its campaign of denial failed to exercise any degree of moral leadership over an issue that not only resonated with a large spectrum of the public, but also produced profound anxiety over prospects for the future. To continuously claim denial in the face of overwhelming evidence of planetary-wide environmental distress was to ostensibly relinquish the exercise of moral and intellectual leadership to that of the environmental movement. To acquiesce leadership over such a pregnant social concern with such far-ranging consequences to a potentially counter-hegemonic challenger could have profoundly negative consequences for corporate interests. Certainly, as we have seen throughout this study, the motive force of CSR since its inception has been to *prevent* business from relinquishing its social power and allow others – whether government, labour or social movements – to "step in and assume those responsibilities and the power that goes with them" (Davis, 1973, 314). Therefore it should come as no surprise that CSR would play a leading role in efforts to return business to a position of leadership within the environmental debate.

The "greening" of certain leading elements of business needs to be viewed in this context. Business could not hope to exercise any modicum of moral leadership over the problem of environmental degradation until it at least *acknowledged* its existence. Similarly, in order to exercise intellectual leadership and "get out front of the debate" as it were, these more 'progressive' elements of business were forced to concede the necessity of some measure of environmental protection in order to place themselves in a position to pro-actively shape and manage the terms of any potential future solution. As one corporate strategist remarked at the time, "managing an inquisitive and possibly hostile public must be part of maintaining a positive image, but public relations without environmental action will surely backfire" (Cited in Athanasiou, 1996, 232). Here we see the essentially symbiotic relationship between the discursive claims of CSR and the material practice of corporate environmentalism that form the basis of CSR's environmental component. Both were required in order for these leading elements of industry to demonstrate at least a modicum of commitment to environmentally sustainable business practices.

Peter Utting clearly articulates the imperative for corporate groups to exercise environmental leadership in his discussion of the WBCSD:

> This leadership role is very apparent in the field of corporate environmental responsibility and, more specifically, in the eco-efficiency model actively promoted by business associations such as the WBCSD. One of the raisons d'etre of such organizations is to influence and shape international and national environmental policy-making…According to its president, Bjorn Stigson, "other stakeholders were the first to make the running on this but business has caught up – understanding that it has a very real stake in delineating the borders for social responsibility between society and corporations" (2000a, 23).

Recognizing that continued denial would disqualify business from the terrain of debate, leading elements of industry conceded the reality of environmental crisis in order to shape the parameters of environmental concern to their advantage.

This re-alignment in both corporate political organization and ideology is best illustrated by the creation and growth of corporate-sponsored environmental associations and 'green business' policy networks throughout the mid to late 1990s (Rowell, 1996;

Utting, 2000; Sklair, 2001; Miller, 2001).[131] With the demise of the denial-based GCC as the principal business voice on the environment, leading elements of industry coalesced around a host of new institutions promulgating a revised corporate environmentalist discourse.[132] In addition to the WBCSD, which is often identified as the most authoritative international business voice of CSR and sustainable development, business flocked to newly created environmental associations such as the Pew Center's Business Environment Leadership Council (BELC), the Business Council for a Sustainable Energy Future (BSCE) with sister organizations in the U.K, Australia and Europe, and the Partnership for Climate Action (PCA), among many others (Utting, 2000a; Miller, 2001; Gough & Shackley, 2001; Dunn & Flavin, 2002; Levy & Egan, 2003; Noble, 2007).[133] While all of these organizations concede the reality of environmental crisis and the necessity of action, they all advocate some mixture of the now familiar formula of voluntary self-regulation, technological innovation, economic growth and free-market mechanisms that had emerged out of Rio (Miller, 2001; Noble, 2007).

The implicit purpose of these organizations is to return corporations to a position wherein they can exercise leadership over the environmental debate, enabling them to drive the agenda and determine the contours and parameters of probable environmental policy while also positioning themselves to exploit any potential profit opportunities. Thus the WBCSD touts its ability to "anticipate rather than react to the agenda of other stakeholders. By being consulted early in the process, we can influence their priorities and thinking, and so help shape the end result" (Cited in Najam, 2000, 69). Similarly, BELC members speak of "positioning themselves for the future" and "getting ahead of the curve" in order to "buy ourselves a seat at the policy-making table" (Miller, 2001, 42;

[131] Rowell documents the existence of some forty 'green' business networks by the mid-1990s (1996, 105).

[132] While the GCC did experience a mass exodus of the majority of its most prominent corporate members in the mid to late 1990s, it continued on until the year 2000 as a coalition of trade and industry associations, including such members as the U.S. Chamber of Commerce, the National Association of Manufacturers, the American Petroleum Institute, the American Mining Association and the Edison Electrical Institute. Prior to its final demise it ostensibly conceded the reality of climate change, eventually advocating for voluntary measures to reduce greenhouse gas emissions (Retallack, 1999; Miller, 2001).

[133] The Pew Center, established in 1998, includes American Electric Power and BP as founding members along with Boeing, Enron, Lockheed Martin, Maytag, 3M, Toyota, United Technologies and Whirlpool Corporation (See Miller, 2001, 40). BCSE, formed in 1992, counts 39 corporate and trade association members, including Wal-Mart, Pacific Gas & Electric, General Electric, American Gas Association and the American Hydropower Association (Miller, 2001; BCSE, 2008). The PCA, created in 2000 in concert with the Environmental Defense Fund (EDF), counts BP, Royal Dutch Shell, DuPont, Suncor, Alcan, and Ontario Power Generation as members (See Miller, 2001; Noble, 2007).

Hoffman, 2006, 46). Thus these groups appear to confirm the argument that while corporations actively lobby for self-regulation and voluntary market mechanisms in regards to the environment, they are equally concerned with influencing and shaping any potential binding regulatory outcomes that may arise to correspond with their interests (Sklair, 2001; Bernhagen, 2007). Integral to this organizational re-alignment was the use of these groups as vehicles to legitimize the corporate-inspired discourse of sustainable development/ecological modernization as the best means with which to resolve environmental crisis (Gough & Shackley, 2001; Levy & Egan, 2003). Indeed, Rutherford acknowledges that these groups are in the process of developing a form of environmental "master discourse" for international business that attempts to ensure that environmental discourse and practice is institutionalized in a way that is most conducive to corporate interests (2006, 84).

As was discussed in the literature review, while there does exist some conceptual slippage, current business-oriented definitions of sustainable development and ecological modernization both advocate a mixture of economic growth, liberalized markets, environmental pricing and/or property rights and technological innovation as the best means to ameliorate industry's impact on the environment (Carruthers, 2005; Barry, 2006). While the defining characteristics of business-oriented conceptions of sustainable development were outlined in the last chapter, I would like to briefly recount here the key tenets of ecological modernization. To reiterate, eco-modernization suggests that rather than a fundamental restructuring of the economy, solutions to current environmental problems can be resolved through the same mechanisms of modernization and industrialization that gave rise to the problems in the first place. Moreover, ecological modernization relies heavily on a "win-win" or "positive-sum" discourse that asserts the "mutuality of business and environmental interests" while relying on business' technological and management expertise to redress environmental ills through such concepts as 'eco-efficiency' (Levy & Egan, 2003, 821). However, as Hajer argues, eco-modernization "explicitly avoids addressing basic social contradictions that other discourses might have introduced." Moreover, it does not "call for any structural change but is, in this respect, basically a modernist and technocratic approach to the environment that suggests that there is a techno-institutional fix for the present problems" (1997, 32).

In this sense, writes Hajer, "the discourse of eco-modernization puts the meaning of the ecological crisis upside-down: what first appeared a threat to the system now becomes a vehicle for its very innovation" (1997, 32).

The benefit to business of both environmental approaches is obvious. Not only do they prove intimately compatible with the free-market and de-regulatory policies of neoliberalism, but they also frame the solution to ecological crisis as dependent on the key tenets of the hegemony of productivism. As Adkins notes, the corporate environmental mission essentially tries to rejuvenate "discredited neoliberal and technocratic claims, appealing to our faith in the bold and inventive potential of capitalism, science and technology and in the superior logic of the market as an efficient means of allocating scarce resources" (1992, 137). Thus, corporate advocacy for the discourse of sustainable development/ecological modernization – or what could be more broadly be deemed "corporate environmentalism" – again clearly follows Gramsci's admonition that accommodations made in hegemonic contests must not touch the essential interests of the dominant coalition.[134] Accordingly, the discourse of ecological modernization attempts to subsume the radical systemic critique of the hegemony of productivism by positing the resolution of ecological crisis through the very mechanisms inherent to productivism. Indeed, as Hajer writes, eco-modernization explicitly rejects anti-productivist sentiments often found in the more critical discourse of the environmental movement:

> It is a policy strategy that is based on the fundamental belief in progress and the problem-solving capacity of modern techniques and skills of social engineering…There is renewed belief in the possibility of mastery and control, drawing on modernist policy instruments such as expert systems and science (1997, 33).

However, the ability of this discourse to provide a coherent and credible worldview capable of supplanting insurgent or counter-hegemonic narratives requires a degree of

[134] As was discussed in the literature review, I employ the term "corporate environmentalism" in order to encompass those aspects of the corporate environmental project drawn from both sustainable development and/or ecological modernization. It should be stated that the term "corporate environmentalism" was coined by industry itself and is widely used. It is believed DuPont CEO Ed Woolard first used the term in a speech shortly after the 1989 Exxon *Valdez* disaster. Woolard explained the concept as "an attitude and a performance commitment that place corporate environmental stewardship fully in line with public desires and expectations," further arguing that neither environmental groups or governments could sufficiently tackle environmental problems, and that "corporations have to do it" (Cited in Atanasiou, 1996, 233).

legitimation impossible for business alone to marshal. Thus, as business rallied around this decidedly corporate-inspired approach to environmentalism, it also sought to enlist key elements of the environmental movement as a means to provide further credibility to the discourse. As sustainable development authority John Elkington advised, "a key challenge for business in the 1990s will be to convert some of its most critical stakeholders, such as campaigning environmentalists, into a new form of customer" (Cited in Levy, 1997, 131). Indeed, many scholars note the proliferation of business-environmental NGO partnerships and other collaborative efforts during this period as a means to bring mainstream environmental organizations into the "corporate environmentalist" fold as it were (Dowie, 1995; Levy, 1997; Sklair, 2001; Beder, 2002). Leslie Sklair suggests that this alliance between industry and mainstream environmental groups constituted the formation of a "sustainable development historical bloc," that sought to enlist moderate environmental groups into a hegemonic coalition in order to transform corporate environmentalism into "an acceptable form of sustainable development" (2001, 216).

Certainly, that most mainstream environmental organizations came to embrace corporate environmentalism during this period is not in doubt. Indeed, the 1990s are frequently characterized as heralding the advent of "third-wave" environmentalism, as environmental organizations ceased their advocacy for state-led regulation in favour of "market-based" solutions while seeking common ground and compromise with past corporate adversaries (Dowie, 1995; Bendell & Murphy, 1997; Van Der Heijden, 1999; Livesey, 1999; Heap, 2000; Kovel, 2002). However, the means by which corporations managed to convert certain mainstream environmental organizations into advocates for the corporate environmentalist approach is usually explained in terms of corporate philanthropy or sponsorship, the "institutionalization" or "professionalization" of the environmental movement and/or the co-optive nature of business-NGO partnerships (Dowie, 1995; Stauber & Rampton, 1996; Bendell & Murphy, 1997; Brulle, 2000; Miller, 2002; St. Clair, 2007).[135] While these all played an important part, I believe they neglect the substantial role that the changing nature of public relations and CSR have performed

[135] As Jeffery St. Clair has documented, mainline environmental groups have also proved quite adept at disciplining its *own* membership should they stray too far outside the corporate environmentalist consensus (See St. Clair, 2007).

in facilitating this reconciliation between industry and certain mainstream environmental groups. In order to better explicate how corporations have been able to recruit mainstream environmental NGOs to the cause of corporate environmentalism, while also marginalizing the more radical – and threatening – elements of the environmental movement, it is necessary to briefly diverge from the current argument and provide an account of the very real challenges that public relations faced throughout the 1990s and how the techniques of CSR have been employed to address these challenges.

CSR, PR and the New Activism

To begin, it is important to note a growing argument within the public relations literature during this period. In response to the successful anti-corporate and anti-globalization activist campaigns of the 1990s, many public relations practitioners and theorists were beginning to doubt the efficacy of what were considered "traditional" or "conventional" public relations techniques in the face of the growing sophistication of the "New Activism" within a growing pool of activists, citizen pressure groups and NGOs (Irvine, 2000; Ihator, 2001; Knight & Greenberg, 2001; Hughes & Demetrious, 2006).[136] Of primary concern was how to respond to activism's successful use of new communications technologies – particularly the Internet – to organize their members and disseminate information to the wider public. Burson Marsteller itself recognized that "since the mid-nineties, NGOs and citizen activists have gained attention and impact through the Internet, the global media and the socially responsible investment community. Their scrutiny and criticism of corporate conduct has succeeded in defining and driving policy agendas for entire sectors of the global economy" (Cited in Hughes & Demetrious, 2006, 94). Similarly, Peter Verhille of the PR firm Entente International, speaking at a 1998 conference on anti-corporate activism, noted that "one of the major strengths of pressure groups – in fact the leveling factor in their confrontation with powerful companies – is their ability to exploit the instruments of the telecommunication revolution" which can "reduce the advantage that corporate budgets once provided" (Cited in Klein, 2000, 395).

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[136] The "New Activism" was especially prevalent in environmental activism, with Norman Miller deeming the Internet the "tool of environmental revolution" (2002, 148).

The use of the Internet to distribute vast amounts of information quickly and inexpensively, while also allowing previously isolated activist communities to link up, share information and coordinate joint actions was seen as inaugurating a new form of activism that could potentially undermine the ability of conventional public relations techniques to effectively control and manage the terms of debate (Irvine, 2000; Deegan, 2001; Ihator, 2001; Hurme, 2001; Pitcher, 2003; Hiebert, 2004).[137] Indeed, as Knight and Smith argue, the advent of information technologies have allowed social justice activism to take on an "investigative, almost forensic quality," as they employ the internet to rebut corporate claims and present counter-evidence to the public (2008, 196). Hughes and Demetrious list the following defects of "traditional" or "conventional" public relations approaches given the reality of this new activism:

> Traditional public relations emphasize the transmission side of communication: that is getting the message right and delivering it in the most effective way(s) to target publics or audiences. Concern over reception is limited to defining publics or audiences and differentiating each one from the rest. This approach assumes that a target public audience is a homogenous entity, receptive to whatever skillfully crafted messages are transmitted to it. Traditional public relations practitioners see activists and critics as adversaries to be neutralized by the skillful management of communication, a perspective they share with many advertisers and marketers. Short-term public relations strategies seek to control criticism of their organizations as it happens, longer-term ones seek to thwart criticism by, for example, preventing, undermining or defusing public scrutiny of sensitive issues. New activists are neither homogenous nor passive receivers of public relations spin. They will counter organization's attempts to control their criticism by networking and info sharing and by using sophisticated communication campaign techniques and technologies (2006, 96).

Augustine Ihator makes a similar assessment of conventional public relations techniques in the face of the new activism, noting that prior to the advent of new information technologies such as the Internet;

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[137] Like Verhille, many public relations commentators viewed the advent of the Internet as effectively "leveling" the power between corporations and activist groups (See Coombs, 1998; Heath, 1998; Irvine, 2000; Lubbers, 2002). However, this view neglects evidence that socio-economic obstacles to political participation are just as much a reality with the Internet as with other forms of political participation. Indeed, the composition of the most frequent Internet users tends to be affluent, well-educated men (Norris, 2002). Moreover, merely having a presence on the Internet is not akin to exercising significant media power. As Coombs notes, in order for activist web-sites to generate significant volumes of traffic, they must be listed with the major search engines, be linked to other popular sites, or generate interest through other forms of media advocacy, all of which requires both technical expertise and financial resources (1998, 298).

> [C]orporate communications were unidirectional in nature. Organizations were usually the senders of information and their audience the receivers. For the most part, organizations controlled and monopolized channels of communication. This provided companies with the opportunity to structure their messages in conformity with organizational goals. There was also opportunity to make messages consistent across multiple media channels (2001, 200).

As Ihator continues, the "old-style" of corporate public relations had time on its side. It could choose to embargo certain news items, determine the timing of press releases to maximize their effectiveness and target specific constituencies or carefully stage press conferences to provide the correct optics (Ibid, 202). However, with the viral nature of the Internet, "the velocity of the public relations process" increases as public relations practitioners have to respond with speed to multiple stakeholders and claims-makers increasingly outside the control of the corporation (Esrock & Leichty, 1998, 307; Hurme, 2001, 72). In such an environment, Knight and Greenberg observe:

> [C]hains of causality and ramification in which corporations and other powerful institutions are caught up are constantly threatened with extension and complication…For this reason, circumscribed forms of crisis and risk PR, with which tactics of denial, evasion, counter-attack and blame displacement are commonly associated, no longer suffice; they simply do not extend far enough to exhaust the chain of counter-claims-making (2001, 220).

This inability of corporations to exercise sufficient communicative control over their external environments is echoed by Ihator, who concludes that due to "the fragmentation, complexity, time constraints and interactivity of computer communication, corporations may be unable to carefully package their message and make it consistent across all media channels," thereby undermining the amount of control corporate public relations can exercise over their desired message (2001, 203).[138] Indeed, in light of these changes, Hurme bluntly suggests that the new public relations practitioner "needs to outsmart Internet users who can be too savvy for conventional PR" (2001, 72).

However if the Internet and its empowering of activism was cause for concern among public relations practitioners, it also carried the potential to expand the powers of

[138] This was all the more true for issues of the environment, as public databases offered easy, ready access to information of corporate polluters. For instance, the EPA's "Envirofacts Warehouse" site offers environmental data to the public broken down by geographical area, facility, population, company and pollutant (See Miller, 2002, 139). The availability of such data further problematized the ability of corporations to control information in regards to their environmental impact.

public relations to more effectively combat the growing power of anti-corporate activism. The realization that PR had to respond to the power of the Internet led PR practitioners and theorists to look *to* the Internet for solutions. As in the 1970s, much of the advice proffered in the public relations literature at this time emphasized, with no apparent sense of historical irony, the imperative for corporations to be more "pro-active" in their approach towards emerging social issues and activists (Anderson, 1992; Marken, 1998; Heath, 1998; Cooley, 1999; Ihator, 2001; Hurme, 2001; Deegan, 2001). As Anderson states, to meet the challenge of activism in the 1990s, PR practitioners would need to develop the "sensitivity to what activists are doing and what they plan to do. It will require learning to identify activist publics before they become active and developing communication strategies to foster mutual understanding with them" (1992, 152). As we will see, the Internet would prove a useful tool to accomplish these ends.

While the Internet expanded the capacity of activist groups to share information and coordinate their actions, it also provided public relations with an invaluable tool to monitor and track activist discourse and activities (Hurme, 2001; Thomas, 2003). As Hurme suggests, monitoring of group communications such as web-based discussions and chat-rooms to "track current or potentially troublesome issues" can yield key intelligence that will allow practitioners to "better form their strategies and messages" (2001, 73).[139] Indeed, interviews with issues management personnel revealed the importance of the Internet as an intelligence tool. Thomsen discovered that issues managers believed on-line databases allowed them "to intercept issues earlier than would otherwise be the case. The practitioners appreciated the breadth of information available on-line and the speed at which it can be delivered" (Cited in Heath, 1998, 276). Similarly, Denise Deegan of the UK-based Institute of Public Relations, advocates the monitoring of activist web-sites in order to ascertain whether your client may be a "potential target" of activist protest in the future (2001, 52). Further proof of the value of the Internet as a monitoring tool is evinced by the proliferation of "web detective agencies" during this

[139] Shell International was one of the first corporations to develop an online strategy to track and monitor discourse about the company in the wake of the Brent Spar controversy and the execution of Ken-Saro-Wiwa (Lubbers, 2002, 114-115).

period that offered to monitor, track and in some cases even "neutralize," activist web-sites on behalf of their corporate clients (Lubbers, 2002, 116-119; Thomas, 2003, 123).[140]

While the Internet was deemed an effective means with which to monitor corporate critics, it was also seen as a novel way through which corporations could communicate with its publics. A particularly useful feature of the Internet for corporate public relations was its ability to bypass the traditional media gatekeepers and transmit unmediated and unchallenged messages directly to the public (Heath, 1998; Esrock & Leichty, 1998; Walker, 2000; Hurme, 2001). As Ihator explains, unlike the past when corporate communicators "wholly depended upon the mass media to diffuse corporate information, sometimes with unfavorable outcomes, businesses now have ready and effective channels through which they can communicate and maintain PR relationships with their stakeholders" (2004, 251). Moreover, the internet's interactivity allowed for corporations to engage in "dialogue" with its publics – through e-mail, message boards, instant messaging, online forums, etc – to a degree previously considered impracticable (Esrock & Leichty, 1998; Hurme, 2001; Kent & Taylor, 2002; Unerman & Bennett, 2004). Furthermore, such dialogue also allowed for sustained issue monitoring, identification of key stakeholders and information-mining of target groups (Cooley, 1999; Deegan, 2001; Unerman & Bennett, 2004; Burchell & Cook, 2008).

Thus, while the advent of the Internet carried the potential to expand the powers of public relations, its use by the "new activism" also threatened to dilute those powers. Public relations would therefore have to develop new techniques and tactics to better confront the challenges of the information age. As will be demonstrated, notions of interactive communications and stakeholder dialogue would prove crucial to these efforts to revamp public relations strategies to effectively respond to these challenges.

The concept of "stakeholder dialogue" or "stakeholder engagement" would become key elements in both CSR and the changing public relations tactics initiated during this period. Indeed, it is here that distinctions between public relations and corporate social responsibility become increasingly difficult to identify. As many PR scholars have documented, notions of stakeholder dialogue or engagement are the

[140] Emerging agencies offering these services during the late 1990s included Nichols-Dezenhall, iDefense, Cyveillance, NetCurrents, CyberAlert, eWatch and Infonic (Lubbers, 2002, 116).

"cornerstones" of effective CSR (Unerman & Bennett, 2004; Bendell, 2005; Hughes & Demetrious, 2006; Huijstee & Glasbergen, 2008), *and* an integral aspect of issues management and effective public relations (Clark, 2000; Collins, Kearins & Roper, 2005; Jaques, 2006). Therefore, stakeholder dialogue should not be viewed as exclusive to either CSR or public relations, but rather as an important technique employed across a wide array of corporate communicative practices. However the degree to which the same techniques and practices interpenetrate each other does once again demonstrates the intimate relationship between public relations and CSR that has so far been outlined.

Nevertheless, while stakeholder theory had originated as early as the 1980s, it really was not until the advent of the Internet that notions of stakeholder *dialogue* began to gain ground as the new technology allowed for a level of identification and interaction with stakeholders previously not thought possible (Heath, 1998; Unerman & Bennett, 2004).[141] As has been discussed, more conventional public relations techniques were viewed as increasingly ineffective in the face of a heterogeneous activist and NGO community armed with sophisticated communication techniques and practices. In response to this challenge, public relations theorists and practitioners began to call for the establishment of "dialogue" between corporations and their stakeholders as the best means to pre-empt criticisms and facilitate good external relations (Shepard, Betz & O'Connell, 1997; Esrock & Leichty, 1998; Heath, 1998; Hurme, 2001; Deegan, 2001; Bendell, 2003; Crane & Livesey, 2003; Hughes & Demetrious, 2006).

Kapstein and Van Tulder define stakeholder dialogue as a forum between corporations and their stakeholders where "opinions are exchanged, (future) interests and expectations are discussed, and standards are developed with respect to business practice. Ultimately, a proper dialogue not only enhances a company's sensitivity to its environment, but also increases the environment's understanding of the dilemmas facing the organization" (2003, 208). Similarly, Crane and Livesey view authentic "dialogic" communications between firms and their stakeholders as geared towards "mutual education, joint problem-solving and relationship building," emphasizing that stakeholder dialogue should not only foster the exchange of ideas, but also motivate actions (2003,

[141] Although public pressure for corporations to become more transparent also contributed to efforts to "engage" stakeholders through detailed reporting practices and more interactive forms of stakeholder engagement (Burchell & Cook, 2008, 35).

47-48). Moreover, dialogues were thought to enable stakeholders to place "ethical limits" on corporate performance, steering firms in more socially just or environmentally sustainable directions (Collins, Kearins & Roper, 2005). Thus, notions of stakeholder dialogue appear to encompass a wide array of corporate practice; from the relatively simple, such as interactive message boards on company web-sites, to more complex forms of engagement embodied in consultation processes that can lead to more collaborative endeavors such as business-NGO partnerships (Kapstein & Van Tulder, 2003; SRA, 2005; Huijstee & Glasbergen, 2008)

Implemented effectively, the business case for stakeholder dialogue argues that it can "identify future issues at an early stage, heighten corporate social responsibility," resolve tensions and create a "mutual buffer of trust" between firms and their stakeholders, and "avoid incidents that receive wide public and media attention" (Kapstein & Van Tulder, 2003, 214). Thus, in an information environment that was increasingly perceived as beyond the ability of corporations to control, early and sustained engagement with stakeholders came to be viewed as the best means to anticipate emerging issues, identify and neutralize critics, cultivate allies, and prevent the resort to reactive damage control that had so plagued corporations throughout the scandal-ridden 1990s.

Interestingly, much of the discourse on the use of stakeholder dialogue heralded its appearance as the end of manipulative corporate public relations and the inauguration of an era of "deliberative democracy," that would move the relationship between corporations and its stakeholders from one of confrontation to one of consultation and cooperation (Heath, 1998; Stoney & Winstanley, 2001; Kapstein & Van Tulder, 2003; Crane & Livesey, 2003). As Burchell and Cook describe, dialogue is "identified as a channel to transcend traditional conflictual processes of communication between organizations and develop a more progressive form of engagement and understanding" (2008, 37). Public relations theorists and practitioners appeared especially fond of equating stakeholder dialogue with the realization of the mutually beneficial "two-way symmetrical" form of public relations that had so far eluded much of public relations practice (Heath, 1998; Grunig, 2000; Clark, 2000; Deegan, 2001; Edelman, 2004; Roper, 2005; Collins, Kearins & Roper, 2005).[142]

According to this line of argument, stakeholder dialogue represents the reconstitution of a veritable Habermasian public sphere, as corporations and their stakeholders – now coequals thanks to the power of information technology – would, through rational public debate, put their self interest aside to forge collaborative relationships that could secure the public good (Heath, 1998; Roper, 2005). Thus, through stakeholder dialogue, corporations and their concerned publics were thought to be able to eschew past conflicts and achieve "win-win" outcomes that could satisfy all interests concerned (Roper, 2005).

Despite such characterizations, stakeholder dialogue – in both theory and practice – has been critiqued as falling far short of the ideals proffered above. Many critical scholars dismiss the idea that corporations and their stakeholders can be considered co-equals in light of the enormous power and resources that corporations can mobilize on their own behalf (Roper, 2005; Collins, Kearins & Roper, 2005; Burchell & Cook, 2008). Noting this reality, the U.K. based corporate research group Corporate Watch observes that the language surrounding stakeholder engagement and dialogue can obscure the very real power differentials that exist between a corporation and its stakeholders:

> 'Dialogue' suggests a free and open exchange of views. 'Partnership' implies equality of power relations. The term 'stakeholder' implies power to make change. Dialogue meetings are often referred to as 'roundtables' suggesting a lack of hierarchy. As with the use of the term 'responsibility,' the positive connotations of the language mask the real power dynamics at work (Corporate Watch, 2006, 19).

Indeed, the University of Leicester-based "Corporate Responsibility Action Through Dialogue Learning and Exchange "(CRADLE) research project – perhaps the largest academic study to address these issues so far – identified the imbalance of resources between companies and NGOs as a central issue within the stakeholder dialogue

[142] In Grunig and Hunt's much-cited definition, two-way symmetrical public relations is said to consist "more of a dialogue than a monologue. If persuasion occurs, the public should be just as likely to persuade the organization's management to change attitudes or behavior as the organization is likely to change the public's attitudes or behavior. Ideally, both management and publics will change somewhat after a public relations effort" (1984, 23).

process.[143] The project found that many of the NGO participants often "felt themselves confronted with an extensive group of company experts in comparison to the small number of people they could commit to the process" (Burchell & Cook, 2008, 42).[144] Moreover, it was suggested that this imbalance was "at times perceived as a method for extending and prolonging dialogue and diverting criticism without seeking any tangible outcomes" (Ibid, 42). Certainly, similar sentiments regarding the efficacy of corporate dialogues have been expressed in other, comparable surveys of NGOs (SustainAbility, 2003, 31; SRA, 2005, 37; Also see Rowell, 2002, 38-42).

Indeed, the disparities in resources, influence and expertise manifest themselves throughout the stakeholder dialogue process. From the initial attempts at facilitating dialogue with stakeholders, corporations exercise considerable influence over both the dialogue process and its outcomes. Usually it is almost always the corporation that initiates the dialogue, reserving the right to determine which stakeholders are included in the process (Rowell, 2002; SRA, 2005). As other researchers have documented, corporations tend to prioritize business interests when identifying stakeholders and enumerating their demands, usually by giving precedence to those stakeholders that wield the greatest economic power or influence over the business (Banerjee, 2000; Collins, Kearins & Roper, 2005; Unerman & Bennett, 2004). This can result in the marginalization of other less powerful groups, irrespective of the "stake" they hold in the corporation's operations. Moreover, Banerjee argues that this prioritization of economic rationality within the stakeholder process tends to emphasize western notions of progress and development that can fail to address the needs of groups in less developed countries, such as indigenous peoples (2000, 24).

The power of selection over who is, and who is not, included in the stakeholder process provides corporations with the potential to strategically "manage" stakeholders

[143] The CRADLE research project examined the processes and impacts of dialogue between companies and NGOs surrounding CSR within the United Kingdom. The project examined the attitudes towards dialogue among business, NGOs and consultancies active within the corporate responsibility field. For an overview of the project see http://www.le.ac.uk/ulmc/cradle/index.html (Burchell & Cook, 2008, 37).

[144] This is not to suggest that NGOs or other stakeholder groups are completely devoid of power or agency. Certainly, activist groups and NGOs have in the past marshaled sufficient media attention of corporate abuses to publicly shame individual corporations. The point to be emphasized here is that *within* the constraints of the dialogue process, corporate resources and expertise will almost always outweigh that which can be brought to bear by most NGOs, community groups or public interest groups.

and control the process for their own ends.[145] Indeed, Leitch and Neilson argue that "genuine dialogue" can be problematic for public relations because it has the potential to produce "unpredictable and dangerous outcomes." To reduce the likelihood of such outcomes, organizations "may attempt to determine in advance the terms of any public debate in which they engage" (2001, 135). Thus, a common strategy mentioned throughout the stakeholder literature to ensure favourable outcomes is the need to identify and engage only those stakeholders that are deemed "moderate" or "cautious" enough versus those deemed too "radical," "adversarial," or "dangerous" due to a perceived incommensurability of interests (Bleifuss, 1995; Banerjee, 2000; Rowell, 2002; Hoedeman & Doherty, 2002; John & Thomsen, 2003; Jaques, 2006). Critics and public relations practitioners alike have deemed such tactics "divide and rule," where mainstream groups are invited into dialogue with the corporate client to the exclusion of more radical or adversarial groups. In the case of environmental NGOs (ENGOS), this strategy seeks to cultivate relations with environmental groups that "buy-in" to the key tenets of corporate environmentalism, while excluding those groups that may harbor a more systemic critique which is beyond the ability or willingness of the corporation or industry association to address (Milliman, Clair & Mitroff, 1994; Hartman & Stafford, 1997; Rowell, 2002).

As Judith Richter explains, the "divide and rule" strategy seeks to divide stakeholders into "pragmatic" versus "extremist" categories by maligning corporate critics as "unworthy of participation" in rational and democratic dialogue through the negative labeling of critics as "anti-industry, anti-technology, anti-progress, irrational, emotional or unprofessional" (2001, 158-159).[146] Conversely, participating groups in the dialogue process are touted as "cooperative," "solutions-based" and "realistic," thereby delegitimizing corporate critics as mere zealots and/or fanatics while framing participants as practical and pragmatic. Indeed, Ronald Duchin of the PR firm Mongoven, Biscoe and Duchin, explicitly advocates this approach for his corporate clients. Duchin argues that activists can be categorized as radicals, opportunists, idealists or realists. Radicals are

[145] In their study of stakeholder dialogues, Huijstee & Glasbergen observe the use of "stakeholder maps" by certain corporations that aid selection by charting potential partner NGOs' "attitude, expertise, possible impact on the company's reputation and the likelihood of this impact actually materializing" (2008, 303).
[146] That the corporate discourse used to malign environmental critics is also decidedly feminine is a well-worn strategy that most eco-feminist critiques would acknowledge (See Salleh, 1994).

those who harbor a systemic critique and are the hardest to deal with because they won't compromise. Opportunists are activists who oppose corporations because they "want visibility, power, followers and…even employment." The key to dealing with opportunists is to provide them with "the perception of a partial victory." Idealists are "altruistic, highly credible, with a sense of justice," and according to Duchin, "they must be educated." Once the idealist is made fully aware of the "long-term consequences or the wide ranging ramifications of his/her position in terms of other issues of justice and society, she/he can be made into a realist." Lastly, Duchin characterizes 'realists' as "pragmatic" and willing to compromise and "work within the system." Duchin recommends concentrating public relations and dialoguing activities on realists and seeking cooperation with them:

> In most issues, it is the solution agreed upon by the realists which becomes the accepted solution, especially when business participates in the decision making process. If business opts out of the policy process, the voices of the idealists and the radicals take on more strength.... [R]ealist leaders and groups are the best candidates for constructive dialogue leading to mutually satisfactory solutions. Idealists often can be convinced over time to take a more realistic view. If your industry can successfully bring about these relationships, the credibility of the radicals will be lost and the opportunists can be counted on to share in the final policy resolution (Cited in Montague, 1993, 2).

Thus, Duchin's formula is to isolate the radicals, turn the idealists into realists, co-opt the realists to support industry solutions and the opportunists will go along with the final agreement. The radicals, Duchin claims, "need the support of the idealists and realists to have credibility," by forcing them out of any potential dialogue with industry, they can be effectively marginalized (Ibid, 2).

Such tactics can result in the isolation of the more critical groups and thereby serve to divide oppositional movements against themselves (Rowell, 2002; Beder, 2002; Jordan & Stevenson, 2003).[147] Indeed, public affairs consultants Steve John and Stuart Thomsen make this goal explicit:

> Those under siege should consider options to divide opponents. After a critical survey of the landscape, consideration should be given to whether any mainstream

[147] Both Beder and Rowell document the advocacy and use of "divide and rule" strategy by PR firms such as Edelman Worldwide, Mongoven, Biscoe & Duchin, Ketchum Communications and Hill & Knowlton (See Beder, 2002, 134-135; Rowell, 2002, 33).

> group could be won over, to further isolate attackers. Middle of the road groups may disapprove of the radicals' tactics and they should be encouraged to articulate that (2003, 274).

Certainly, the cultivation of this division is evident in the statements of CSR leaders and PR practitioners alike. For instance, Business Action for Sustainable Development (BASD)[148] Chairman Lord Holme of Cheltenham, commenting on the dialogue process at the 2002 Johannesberg Summit, distinguishes between:

> A fundamentalist minority, whether of a neo-Marxist type who see all capitalism as evil and whose aim is to find out what large companies are doing and make them stop it, whatever it may be, or of a deep green 'trade is harmful, lets all stay in Hobbiton variety' and on the other hand, a much larger majority group who see that job and wealth creation are essential but who want to ensure it is done more responsibly and equitably (Cited in CEO, 2002, n.p.).

In perhaps not so colorful language, Ketchum Communications Chairman Dan Drobis draws a similar distinction between NGOs "which are downright militant" and the:

> [M]oderate, clear-thinking NGOs, many of which have valid complaints about pressing social and economic issues related to globalization. These groups differ in many important respects from their more extreme, slogan-based counterparts. Most importantly, they are peace abiding and believe in solutions, not slogans (2002, 8).

In an even more straightforward fashion, the Edelman PR group bluntly advises its clients "that governments and corporations will only succeed by establishing working relationships with NGOs that are not adversarial" (Cited in Hoedeman & Goherty, 2002, 74). As a final example, SustainAbilit*y,* a leading CSR organization, invented a widely used categorization of NGOs as either "polarizers" or "integrators." The former group is characterized as akin to predators, labeled as "unpredictable," "acts on instinct," "attacks targets in distress" and prone to "feeding frenzies." Conversely, the "integrators" are groups able to "achieve change through constructive partnerships with business," and are "keen to please" and "professional and well-trained" (SustainAbility, 2003, 14).[149] The

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[148] BASD is a joint venture of the ICC and the WBCSD, launched to "rally the collective forces of world business" for the 2002 Earth Summit in Johannesburg, South Africa (CEO, 2001b).

[149] The use of the word predator is not meant as hyperbole. SustainAbility'*s* categories liken "polarizers" to "Sharks" and "Orcas," while "integrators" are deemed "Dolphins" or "Sea lions." The fact that the latter

success of this binary is perhaps most evinced by the fact that even the leaders of mainstream ENGOs have adopted it. As the Executive Director of Conservation International observed, "The more stridency and hostility on the part of activist groups, particularly the anti-globalization forces, the more interest we see on behalf of business to work with the groups that take a more moderate approach" (Cited in Holliday, Schmidheiny & Watts, 2002, 152). This would appear to confirm Michael Blowfield's astute observation that CSR views "dissent as perversion" (2005, 181).

However, the use of these techniques raises the question of how much the "mutuality of interests" and "win-win outcomes" so lauded by the proponents of CSR-inspired stakeholder dialogue are not pre-ordained, as corporations select only those stakeholders whose views diverge the least from their own, while maligning and isolating corporate critics whose ideas are deemed outside the pale. Certainly, the suspicion that stakeholder dialogue serves more of a public relations purpose of co-option rather than collaboration is evinced by many in the NGO community that have experienced the process first hand. Thus, the CRADLE project reports that:

> Many facilitators and NGO participants suggest that companies often saw dialogue as a method for good public relations and as a damage limitation exercise. Facilitator groups suggested that in some cases dialogue had been used quite cynically by companies and consultants as more of a media campaign, rather than seeking to have a true process of engagement around an issue. NGOs also talked of the problem of companies wanting them to endorse products or simply legitimize their existing CSR practices or offset negative publicity without necessarily intending to make changes to corporate policy (Burchell & Cook, 2008, 39).

Other NGOs viewed the dialogue process as essentially a delaying tactic, as companies "mine" their NGO partners for information with no guarantee of action on NGO proposals. As the report continues, these negative experiences of dialogue have contributed to many NGOs adopting a policy of non-engagement with corporations (Ibid, 39-41). Unerman and Bennett also question whether dialogue does not constitute a means by which corporations can safely channel and diffuse stakeholder grievances within a controlled forum that curtails the possibility of these grievances escaping into a wider,

ocean mammals are also more "trainable" in captivity is not an attribute that SustainAbility considers worth mentioning (2003, 14).

less controllable public arena, such as the media (2004, 704). Indeed, dialogue for this purpose has been explicitly acknowledged by industry. For instance, a leaked strategy paper by the powerful Association of German Industries (BDI) in the wake of the Seattle demonstrations advocates weakening NGO campaigns by luring opponents into dialogue. Acknowledging the greater public credibility of NGOs in relation to industry, the paper eschews confrontation in favour of dialogue as a means to evade conflict "without giving up your own points of view." Moreover, the paper points to the power of dialogue as an intelligence-gathering tool, allowing corporate participants to gain insights into NGO strength and strategy and as a means to "take the wind out of the sails of opponents" (Cited in CEO, 2000, n.p.).

Despite the above evidence, this should not suggest that *all* stakeholder dialogues are exercises in deception. Certainly, many mainstream ENGOs have engaged in some form of stakeholder dialogue or other collaborative relationship with a major corporation or industry association and many maintain institutional links with corporate boards, arguing that such relationships are both necessary and productive (Dowie, 1995; Bendell & Murphy, 1997; Heap, 2000; Dorsey, 2007b).[150] Indeed, these initiatives do sometimes result in modest reforms to corporate policy, such as the Environmental Defense Fund's much publicized engagement with McDonald's corporation over its waste management strategy (Livesey, 1999; Jordan & Stevenson, 2003).[151] However, the ability of stakeholder dialogue to deliver anything *more* substantive than mere reform of a single corporation should be questioned.[152] This leads to a more fundamental critique of the stakeholder process; that despite rhetoric about deliberative democracy and win-win outcomes, the very nature of the corporation and the profit imperatives to which it must submit ultimately preclude any outcomes that do not serve the interests of the

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[150] While it is impossible to enumerate all dialogues, partnerships and other relationships maintained between ENGOs and corporations, most of the major mainstream groups, such as Greenpeace, World Wildlife Fund, Nature Conservancy, Environmental Defense Fund, Environment Council, Friends of the Earth, the Sierra Club and Conservation International have all been involved in these activities to varying degrees (See Heap, 2000; Beder, 2002; Jordan & Stevenson, 2003; Carey & Arndt, 2007).

[151] The EDF-McDonald's engagement led to the elimination of polystyrene packaging by the fast-food chain, along with other packaging improvements designed to be less environmentally destructive. See http://www.environmentaldefense.org/pressrelease.cfm?contentID=1299

[152] It is important to emphasize that even when optimally implemented, the reforms resulting from a stakeholder dialogue process ultimately affects only one single firm unless part of an (usually rare) industry-wide effort. It therefore has little utility in forcing the industry wide compliance needed to resolve a global environmental issue such as carbon emissions and global warming.

corporation. Indeed any firm that continuously sacrificed its profitability in order to satisfy the interests of stakeholders over that of shareholders would not last very long as a viable economic entity. Bucholz acknowledges this reality in regards to corporate environmental efforts:

> Pollution control equipment is expensive to buy and operate…Proper disposal of toxic wastes in landfills can be very costly and time consuming. These efforts cut into profits, and in a competitive system, companies that go very far in this direction will simply price themselves out of the market (Cited in Levy, 1997, 133).

Once again, this is not to imply that corporations cannot improve on their environmental performance, but that there exists a very real limit to these reforms insofar as they threaten corporate profitability.[153] This is all the more true given that concessions rendered under stakeholder dialogues usually affect only one firm or group of firms in an otherwise competitive environment. Thus, because such compromises cannot be made universal and binding upon all firms, the addition of costs associated with enhanced environmental protection by necessity undermines competitiveness in relation to other firms that have made no such concessions.[154] Indeed, as Levy notes, the very notion of "win-win" outcomes so commonplace within the stakeholder literature averts "deeper questions about potential structural conflicts between profit maximization and environmental goals" (1997, 140). As one study of U.S. based TNCs concludes, "case study evidence suggests that financial factors do constrain environmental efforts, and that firms assume that environmental efforts impose at least a short-term net cost on the firm (Cited in Utting, 2000a, 26). Yet the pluralist assumptions embedded in the ideas of stakeholder engagement do not readily admit to the possibility of irreconcilable

[153] A 1996 Carnegie-Mellon Survey of 54 large U.S. corporations clearly illustrates this point. Presented with a hypothetical situation in which a more costly, but less-environmentally damaging material could be substituted for a company's product, two-thirds of the respondents answered that they would be willing to make the substitution if it raised product costs 0.1 percent. Only one third of firms said they were willing to raise costs by one percent, while only two of the 54 were willing to raise costs by five percent. None of the respondents were willing to make the substitution if it threatened to raise costs higher than five percent (Lave & Matthews, 1996). This illustrates that there exists a very real and limiting cost threshold to corporate environmental efforts beyond which most corporations will not venture.

[154] While it is true that certain environmental measures can increase business efficiencies and cut costs in the short term, there does exist a limit to these gains as well. These questions will be considered in the next chapter.

differences between a corporation's economic imperatives and the interests of its stakeholders – nor that of the environment.

However it is these structural limitations that should be kept in mind when assessing the potential of stakeholder dialogues to produce substantive environmental change. If the dialogue process and its outcomes are relatively pre-ordained by the power of corporations to manage the process, and the extent of environmental reform is limited by what is economically viable, then almost by necessity outcomes will conform to the parameters of corporate environmentalism – insofar as this form of environmentalism is premised on its ability to maintain growth and profitability. Thus, the very process of corporate-initiated dialogue is at best designed to concede *only* that which the corporate firm deems appropriate. This accords with Rutherford's argument that the business approach to dialogue recognizes that concessions are viable strategies "only *if* business can exercise guardianship over the terms and conditions under which compromises occur" (2006, 94). It is for this reason that the dialogue process, even when optimally implemented and not used solely for public relations purposes, should be viewed as a mechanism for the accommodation of moderate environmental groups, while serving to marginalize more radical environmental critiques. Indeed the "mutuality of interests" put forward by both the discourse of stakeholder dialogue and corporate environmentalism posits no degree of contradiction between corporate profit imperatives and that of the public interest. In this sense, we can view these discourses as operating to fashion a hegemonic worldview where the narrow, particular interests of dominant corporations are made to appear universal.[155] Under the logic of "win-win" outcomes all interests are ostensibly aligned, allowing the corporate profit imperative to function as a sort of Smithian "invisible hand" that will deliver increased prosperity, higher levels of consumption, technological efficiency *and* environmental protection to all concerned.

However, this construction of mutuality is made even more profound by the rhetoric of democracy that surrounds the stakeholder process. The optics and rhetoric of democratic negotiation and the diffusion of power among equals characteristic of stakeholder dialogue not only obscures differentials in power, but also the possibility that corporate and stakeholder interests may be fundamentally incompatible. Thus, one may

[155] This point will be addressed in more detail below.

ask who ultimately has the power to decide whether a planned corporate policy or operation should go forward? Many scholars have asked the crucial question of whether the stakeholder process provides stakeholders with the power to "say no," and prevent the implementation of a corporate action that while profitable, may be inimical to stakeholders' interests. Certainly to date no corporation has been so enamored with stakeholder democracy to cede such power to its stakeholders (Utting, 2000; Banerjee, 2001; Rowell, 2002; Unerman & Bennett, 2004; Newton, 2005). Indeed as much as the rhetoric of dialogue and corporate responsibility emphasize the need to consider the interests of affected stakeholders, corporations appear quite reticent to see such concern enshrined in legislation or for stakeholder dialogue to be made mandatory (Stoney & Winstanley, 2001; McMahon, 2005).

More tellingly, this study has illustrated the historical aversion of corporations to democratic intrusions into their operations. Given that corporations have fought so vociferously and so consistently against democratic encroachments into their sphere of influence, it is difficult to believe that they would all of a sudden invite the sort of deliberative democracy and participatory decision-making that stakeholder advocates celebrate. Acknowledging this reality, Gamble and Kelly state that those who "own and control assets are unlikely to concede even a share in that control without a prolonged struggle" (Cited in Stoney & Winstanley, 2001, 613). Therefore, if the stakeholder process resembles nothing more than a glorified suggestion box, in which internal corporate decisions remain insulated from stakeholder input, then attempts to characterize such a process as "democratic" should be considered specious, all while resting on a peculiarly narrow and hollowed out definition of democracy.

However, if the stakeholder process leaves much to be desired as an instance of "deliberative democracy," we should not discount its rather powerful function as a public relations device. Once again, this is not to state that such processes are *mere* public relations, as concrete, albeit limited, policy changes can and have emerged from such processes. However, the optics of the process does confer numerous benefits upon the corporation that can preclude more fundamental restraints on corporate power irrespective of the results achieved. As has been discussed, the idea of stakeholder dialogue was viewed as an essential means with which the corporation could engage proactively with its external environment; an environment that was increasingly perceived as beyond the ability to control through more conventional public relations techniques. As Cheney and Christensen explain, “pro-activity” has come to refer to a set of “nondefensive or nonreactive practices through which organizations handle their relations with the external world.” Thus, instead of waiting for “threats and opportunities to become manifest imperatives, the proactive organization attempts to influence and shape external developments in ways considered favorable in terms of its own aspirations” (2001, 253).

Cheney and Christensen emphasize that proactivity requires the organization to be involved in the “definition and construction (albeit not necessarily control) of reality”(Ibid, 253). Certainly from the above definition we can see how the process of stakeholder dialogue attempts to facilitate this strategic posture. From the outset, the stakeholder process attempts to shape and control the issues, agendas and actors involved. Rather than react defensively to anti-corporate campaigns, the stakeholder process attempts to contain corporate critics by inviting them into a forum where the corporate client can exercise much more control. Indeed, Deegan advises corporations’ to anticipate potential threats and approach and engage latent critics prior to the initiation of action against a company’s operations. Ideally, Deegan suggests that engaging potential critics should begin before they have even formed an *opinion* of the organization (2001, 66). By inviting potential critics into the stakeholder process early on, not only can stakeholder opinion and strategy be discerned, but also the nature of the negotiating process itself may serve to prevent or at least delay the likelihood that stakeholders will seek out third party intervention from the media, government or regulatory authorities (Deegan, 2001; Huijstee & Glasbergen, 2008).

Moreover, the optics of the stakeholder process and its reliance on democratic rhetoric can serve to legitimize the process both in the eyes of government and the wider public. As Jordan and Stevenson observe in the case of the EDF and McDonald’s, “even to be seen sitting down with the EDF made McDonald’s seem respectable to a constituency of customers that might have worried about environmental criticism of multinationals” (2003, 45). Thus, the mere engagement with a respectable NGO or public interest group, regardless of the outcome, can allow the corporate client to “borrow” the legitimacy of other stakeholders by association. This could also serve to deflect the attention of other activist groups, as they adopt a "wait-and-see" approach for the duration of the dialogue. Similarly, governments that have demonstrated a reluctance to impose constraints or regulations on corporations can point to the dialogue process as an instance of mutual cooperation and negotiation that removes the need for governmental legislation or intervention (Levy & Kaplan, 2007). Dialogue can thereby serve as a tactic of what Colin Hay calls "responsibility displacement," as governments seek to transfer responsibility for environmental issues away from themselves and onto other non-state actors (1996, 426). Furthermore, agreements on voluntary initiatives or self-regulation that emerge out of the dialogue process can be cast as democratically constituted despite the fact that there has been no broad public consultation or government involvement. Cheney and Christensen, speaking on the proactive nature of stakeholder engagement, note:

> The more proactively such changes [in the external environment] are managed, the more the direct role of the public is circumscribed by the organization through determining, for example, which voices from the outside deserve a hearing or how different opinions should be prioritized (2001, 254).

In essence, the stakeholder process, while possessing the outward trappings of democratic deliberation, can serve to marginalize public input by creating an exclusive "invitation-only" forum that is strictly regulated and controlled by the corporate client. Thus, decision-making is ostensibly removed from the public sphere and onto the terrain of private non-elected actors, all while trumpeting itself as a new transformative instance of democracy. Furthermore, the use of stakeholder dialogue serves to reinforce the notion that corporations have a legitimate right to participate in political decision-making and that substantive decisions involving the impact of corporate operations on society can be left to the corporation itself and its selected invitees. The danger here is that the dialogue process can not only allow corporations to usurp the democratic process by excluding the public from decision-making, but could also legitimize further corporate intrusions into the public democratic sphere; all the while couching this usurpation in the language of democracy.

From the above it is difficult to dispute that the introduction of stakeholder dialogue proved to be an invaluable technique to address the pressing needs of corporate public relations outlined previously. The stakeholder dialogue process harbors the potential to proactively contain and control external critics in an information environment perceived to be beyond the ability of conventional public relations techniques to effectively manage. Moreover, its reliance on democratic rhetoric serves to legitimize both the process and the outcome as an instance of "stakeholder democracy," despite the very real inequalities in power and resources previously stated. That being said, stakeholder dialogue does not break with conventional public relations techniques to the degree that some of its proponents may argue. In certain respects, stakeholder dialogue continues to perform many of the same functions of more conventional public relations techniques albeit in a relatively new guise. Despite its characterization as an instance of true "two-way symmetrical" public relations, the stakeholder process accomplishes many of the same instrumental functions of public relations and CSR that were instituted in the 1970s. It ostensibly reworks the traditional public relations approach of identifying and categorizing publics as a prelude to managing them. Moreover, stakeholder dialogue enables an organization to continue to "set the agenda" and control their message through the careful selection of participating stakeholders based on the perceived commensurability of interests and ideology to the selecting organization. In this sense, stakeholder dialogue merely represents the latest mechanism with which to manage and control corporate critics. However, the dialogue process also offers the decidedly beneficial advantage of appearing to embrace elements of deliberative democracy and mutual collaboration that obscures the possibility that certain corporate interests may be irreconcilable with that of the public interest.

The efficacy and utility of the stakeholder dialogue process is evinced by both its proliferation as a management tactic by individual corporations and its institutionalization within international initiatives and forums such as the World Summit on Sustainable Development (WSSD), the Trans-Atlantic Business Dialogue (TABD) and the Global Compact (WBCSD, 2001; Entine, 2002; Rowell, 2002; Pring, 2003; Zoller, 2004;

Rutherford, 2006; Huijstee & Glasbergen, 2008).[156] For Rutherford, the growth of corporate dialogues in regards to the environment – what he deems a "listening and understanding discourse" – suggests a greater degree of strategy on the part of business as it attempts to incorporate certain NGO concerns into the corporate environmentalist project, while still prioritizing the business perspective (2006, 99-100). As we have seen, the mechanisms within the stakeholder process allow business to make these concessions without fear of undermining the central tenets of corporate environmentalism.

Due to the ability of the stakeholder dialogue process to provide legitimacy to the corporate environmentalist project in the myriad ways outlined above, stakeholder dialogues and its requisite techniques should be viewed as an integrative part of the project to develop a sufficient "eco-capitalist" response to the challenges of environmentalism. Once again, this is not to state that the use of corporate dialogues fully *determined* the ascendancy of corporate environmentalism to a position of superiority within environmental debates. Nor is it fully responsible for the acquiescence and co-option of mainstream environmental groups to the corporate environmentalist ideal. Rather, it should be viewed as an essential weapon within the arsenal of corporate tactics to absorb the environmental challenge and construct a sufficient corporate response that would continue to prioritize the interests of business.

CSR, Corporate Environmentalism and Accommodation

To return to the previous discussion, it is important to emphasize how the dialogue process serves to bolster the hegemony of corporate environmentalism by simultaneously absorbing the more moderate critiques of the mainstream environmental groups while marginalizing and isolating more radical challenges. As green cultural critic Marcy Darnovsky observes of corporate environmentalism more broadly, it can serve to "wean public sympathy for environmental action away from anti-business green activists, rallying it instead behind business leaders and mainstream greens." (Cited in Athanasiou,

[156] According to a 2005 study by KPMG of more than 1600 of the world's largest corporations, 39% of these companies mention their use of stakeholder dialogue in their CSR reports (Cited in Huijstee & Glasbergen, 2008, 299).

1996, 238). As has been demonstrated, the utility of the dialogue process for corporate efforts to promote corporate environmentalism while marginalizing critics is apparent.

From a Gramscian perspective, the dialogue process can be viewed as a means to both subvert the counter-hegemonic challenges of radical ecological perspectives while at the same time legitimating the corporate environmental project as the most rational and reasonable response to environmental crisis. According to Levy, “corporations will accommodate the environmental challenge through compromise and co-option, ameliorating their environmental impact sufficiently to blunt serious challenge to their hegemonic position” (1997, 131). Indeed, as we have seen, the stakeholder dialogue process, even when optimally implemented is designed only to concede that which does not threaten the profitability or competitiveness of the participating firm. Concessions do not therefore touch the essential economic power of the corporation. However, these concessions also need to be framed as sufficiently substantive in order to assuage concerned publics and governments that more intrusive or radical measures are not necessary. Through the appearance of negotiation and consensus within the stakeholder process – particularly with credible and admired mainstream ENGOs – outcomes can be represented as not only democratically constituted, but also of bearing “the seal of approval” of trusted environmental organizations. Indeed, as has been argued, even the mere act of dialoguing with a respected ENGO, regardless of outcome, can substantially increase a corporation’s environmental credentials in the eyes of the public. Thus, the dialogue process lends considerable legitimacy to the corporate environmentalist project by enlisting key ENGO support – direct or otherwise – for many of its central tenets.

Moreover, as we have seen, the consistent representation of the dialogue process as constituting a form of deliberative democracy allows corporations to occupy a pluralist universe where they exist as “one of many” diverse voices (Zoller, 2004). Such pluralism is further reinforced by the emphasis on shared interests that can quickly be realized through the power of dialogue. The idea that there exists no fundamental antagonism between corporations and their stakeholders or between corporations and the environment posits a unity of interests that belies the self-interested profit imperative inherent to the capitalist economic system. In this sense we can view the dialogue process and corporate environmentalism as operating in tandem to promote a pluralistic view of the world that papers over the real structural inequities of power emblematic of capitalism.

Yet such pluralist representations provide tremendous utility to any hegemonic project. As Gramsci argues, a true integrative hegemony can only be achieved when "the interests of the dominant class become the interests of subordinate groups as well, bringing about not only a unison of economic and political aims, but also intellectual and moral unity, posing all the questions around which struggle rages, not on a corporate but a universal plane and thus creating the hegemony of a fundamental social group over a series of subordinate groups" (Gramsci, 1999, 181-182). Thus, in order for corporate environmentalism to achieve hegemonic status and become the dominant frame through which to view environmental concern, the particular interests of corporations – such as notions of the desirability of self-regulation, the efficacy of market mechanisms, the commodification of nature, etc – must be made to appear in the *general* interest of all concerned. In other words, corporate environmentalism and its conception of the world must be seen as not only benefiting corporations, but also providing some level of satisfaction to subordinate groups while not "undermining the leadership or vital interests of the hegemonic class" (Cox, 1983, 168).

Corporate environmentalism accomplishes this in a number of ways. Firstly, it represents itself as a realistic response to repair the environmental damage wrought by industrial capitalism. Therefore, it can act as a salve to public anxiety over the state of the environment by touting individual corporate environmental practices as sufficient to ameliorate ecological damage. As Sklair argues, this can also serve to deflect attention from the idea of a singular ecological crisis to one of separate, manageable environmental problems (2001, 207). By compartmentalizing environmental problems and denying their ecological inter-dependence, one-off technocratic solutions like those embodied within corporate environmentalism can appear to provide a more sustainable solution than they might otherwise. This position is made all the more plausible through the legitimacy and credibility that mainstream ENGOs lend to these activities through dialogues and other collaborative partnerships with participating corporations.

Secondly, corporate environmentalism puts forward the notion that beyond some minor tinkering, the environmental crisis can be resolved within the existing parameters of the current political economy. In this regard, it asks for neither substantial personal sacrifice nor fundamental systemic change to address these problems. As Rutherford observes, even increased consumption can be justified under the guise of corporate environmentalism as long as it is organized around "eco-efficient" growth, "greener" production methods and "responsible" consumption through the price mechanism (2006, 92). Thus, corporate environmentalism offers the public a relatively painless ecological burden, positing a mixture of continued economic growth, technological efficiency and "green consumption" as the best repair for environmental ills. In this sense, corporate environmentalism involves what Dryzek deems a "rhetoric of reassurance," positing a world where "we can have it all;" economic growth, environmental conservation, social justice; and not just for the moment, but in perpetuity" (Cited in Johnston, 2006, 46). Moreover, through its reliance on free market mechanisms and the technocratic expertise of corporate managers, it leaves the public with a rather circumscribed role in any environmental solution. In essence, we are to trust in the wisdom of corporate elites to solve the environmental crisis for us. We need merely to consume the "right" products and perhaps engage in rather minor acts of individual voluntarism (recycling, composting, purchasing carbon offsets, etc) in order to reverse current environmental decline.

Such notions are integral to ensuring the ascendancy of corporate environmentalism to hegemonic status as it attempts to unite the particular interests of capital with the general interests of the public. This certainly accords with Andrew Austin's insights, who argues that:

> It is crucial, from the standpoint of the corporation, that the public not see the struggle over nature as one between polluting corporations and the masses. The public interest should never appear as a unified force against the interests of corporations. Instead, corporate interests should appear as the general interest and convey public support for corporate activities (2002, 104).

Moreover, in accordance with Gramsci's conception of hegemony, corporate environmentalism does address some aspects of the "aspirations, interests, and ideology of subordinate groups" (Hunt, 1990, 311). To unite the particular interests of capital with that of the public entails the necessity of "foregoing or at least varying immediate class interests in order to bind in more closely other social forces" (Ibid, 312). As we have seen, leading elements of industry have attempted to make sufficient concessions to certain environmental groups in order to re-assert business' leadership role over the issue of the environment. Furthermore, corporate environmentalism asks relatively little of the public, instead promising continued material affluence in exchange for corporate management of environmental problems. Such "win-win" notions posit no trade-offs between environmental protection and current levels of western standards of living – a particularly appealing arrangement for western audiences who may fear that substantive environmental action will have adverse consequences for them economically. Thus, while corporate environmentalism most certainly prioritizes the interests of capital, it also offers both material and psychological enticements for the rest of us.

Lastly, it should be emphasized that corporate environmentalism draws heavily on the key tenets of the hegemony of productivism previously discussed. In this regard, it maintains an advantage over more radical environmental critiques in that it serves to activate popular "common sense" beliefs in its service. While many of these beliefs may be under increased scrutiny, the championing of economic growth, the sanctity of private property, the "magic" of the free market, faith in technological progress and the power of science are still powerful and familiar western cultural beliefs that can serve to assuage ecological anxiety, especially as alternative counter-hegemonic ideas are driven to the margins. CSR and its corporate environmentalist component can thereby be viewed as what Ernesto Laclau calls a "hegemonic suture," in that it attempts to repair a rupture or vulnerability within the hegemony of productivism by offering solutions that continue to serve the system while pretending to offer an alternative to it (Smith, 1998, 6).

To conclude, we have seen that due to the increasing evidence of environmental crisis and the initial defensive and reactionary position of much of industry through public relations campaigns of denial, corporations were increasingly unable to exercise intellectual or moral leadership over issues of environmental concern. To continue this position was in essence to cede leadership over the environmental debate to that of potential counter-hegemonic challengers emanating from the environmental movement. This crisis of hegemony among the dominant classes created the terrain for a significant discursive and ideological struggle, creating contradictory political responses while undermining the unity of the dominant coalition. To remedy this, and re-assert business' leadership role, certain elements of industry conceded the reality of environmental crisis and the necessity for action in order to fashion an “eco-capitalist” response that prioritized corporate interests. Corporate environmentalism has been such a response. But in order to legitimate this position and marginalize competing critiques, the stakeholder dialogue process has served as an invaluable tool that enables business to accommodate moderate elements of the environmental movement while marginalizing and isolating more radical or systemic critiques that business is unable to address. As we have seen, the changing tactics of CSR and public relations have been integral to this development. Through this process, business has sought to ascend corporate environmentalism to hegemonic status in order to frame environmental solutions to their own advantage. However, in order to appeal to subordinate groups, corporate environmentalism cannot appear as brazenly self-interested, it must also offer some modicum of satisfaction to other groups. As has been argued, corporate environmentalism accomplishes this not only through strategic compromises with mainstream ENGOs, but also by offering relief for collective ecological anxiety while promising that continued material affluence can peacefully co-exist with the protection of the environment.

As many commentators have observed, corporate-inspired environmentalism – much of it exercised under the rubric of CSR – has indeed become the dominant frame through which current solutions to environmental degradation are formulated (Sklair, 2001; Miller, 2002; Johnston, 2006; Lock, 2006; Muller, 2006; Rutherford, 2006). Most mainstream views on the environment – be it business, NGO, IGO, or government – advocate some mixture of the recommended policies characteristic of corporate environmentalism (extension of private property rights to nature, full-cost pricing, market mechanisms, self-regulation, technological efficiency, etc) as the best means to realize ecological sustainability (de Campos Mello, 2000; Bernstein, 2001; WBCSD, 2001; Lock, 2006).

While many commentators have interpreted this supremacy of corporate environmentalism within environmental debates as proof that it has achieved hegemonic status (de Campos Mello, 2000; Sklair, 2001; Johnston, 2006), I am not entirely convinced that it has successfully vanquished all challengers as of yet. Colin Leys has argued that it is not necessary for an ideology to be “loved” to be hegemonic. Rather, it is "merely necessary that it has no serious rival" (1990, 127). In this regard, there still exists the quite substantial counter-hegemonic opposition of the Global Justice movement towards most of the key precepts of corporate environmentalism. However, one could be forgiven for the view that corporate environmentalism constitutes a hegemonic ideology if their sole focus was limited to mainstream environmental policy discussions – an arena where there exists little, if any – critical debate over the central precepts of corporate environmentalism. Nonetheless, as we will see, the fear that business inspired versions of sustainable development might be undermined by the growing challenge to neoliberal globalization will motivate corporate groups in their attempts to further institutionalize the principles of corporate environmentalism and CSR within regimes of international environmental governance like the World Summit on Sustainable Development (WSSD). Thus, it may be premature to pronounce corporate environmentalism the victor in the hegemonic contest thus far outlined

That being said, the promotion of corporate environmentalism as a sufficient "eco-capitalist" response to ecological deterioration is still a rather new development. While its influence certainly tends to confine current debates over possible environmental solutions to accord with its core assumptions, I would contend that its ability to deliver on its promises of continuing material affluence and economic growth in concert with environmental protection will ultimately determine whether corporate environmentalism can continue to act as "the master discourse" over issues of environmental concern. With this in mind, our next question must be whether corporate environmentalism *can* ultimately realize its own stated aims. To answer this question, I not only wish to investigate the potential ecological consequences of accepting the corporate environmental claims behind much of CSR, but also the potential impact for democratic participation under a regime where the practices and techniques emblematic of CSR become further institutionalized within areas of national and global environmental governance. It is to these final questions that I now turn.

Chapter Seven

"The Major Agent of Change:" Entrenching CSR and the Corporate Environmental Solution.[157]

The following chapter is primarily focused on the material practices of CSR and their consequences for both the environment and democracy. As we will discover, CSR and its corporate environmental component become further institutionalized through the auspices of the World Summit for Sustainable Development (WSSD) in 2002. These efforts cement the corporate leadership role in terms of environmental progress, sanctioning the corporate environmental solution as the primary means to address the current state of the environment. Given that the continued legitimacy of CSR as a viable environmental strategy would appear to be contingent upon the success of these initiatives in ameliorating the excesses of industrial capitalism, it is important that we submit the environmental claims of CSR to critical scrutiny. Furthermore, if we are to accept the premises of CSR and trust the private corporation to solve the environmental crisis for us, we should be equally aware of the degree of democratic control we may be forced to relinquish as these corporate environmental solutions are further entrenched. It is these twin aims that this chapter will address.

Ten years after the Rio Earth Summit and the burgeoning of the CSR movement, business, governments and NGOs would reconvene in Johannesburg, South Africa for the 2002 World Summit for Sustainable Development (WSSD), more popularly described as "Rio+10" (Pring, 2002; Death, 2008). Designed to "reinvigorate the global commitment to sustainable development" codified in Agenda 21 and the Rio Declaration, the Summit's official task was to assess the progress made since Rio while addressing areas where further efforts were needed (Pring, 2002, 411).

If the original Rio negotiations had been much touted for its ability to transform business' relationship to the environment from one of "part of the problem," to "part of the solution," Johannesburg would serve as the venue to solidify business' green

[157] Portions of this chapter are based on a previously published article in *Capitalism, Nature, Socialism* (See Enoch, 2007).

conversion. Indeed, the notion that business was not only the leading proponent of sustainable development, but also its most accomplished practitioner would pervade corporate pronouncements throughout the WSSD process. Thus, in the few months leading up to the WSSD, Bjorn Stigson of the WBCSD acknowledged that industry was now the “major agent of change on the environment front” (Mitchell, 2002, A6). Similar statements were also made by other leading members of the WBCSD, with Charles Holliday, Stephan Schmidheiny and Philip Watts writing that “we in the WBCSD feel we have been able to promote the goal of sustainable development in many helpful ways, often ahead of the demands of civil society and the regulations of government” (2002, 18).[158] Business Action for Sustainable Development (BASD) – the business association organized specifically for the Johannesburg Summit through the auspices of the ICC and WBCSD – also welcomed the “growing realization that business is an indispensable part of the solution to the problems of the world” (BBC Worldwide, 2002). Kofi Annan furthered emphasized business’ role in environmental solutions stating, “more and more we realize that it is only by mobilizing the corporate sector that we can make significant progress” (Africa News, 2002).

Perhaps the boldest statements on business’ conversion to environmental champion came from the European Employers Federation (UNICE). The Federation asserted that industry had *already* achieved the “dematerialization of the economy,” claiming that business had already done what it should in reducing its environmental impact.[159] In light of this rather astonishing achievement, UNICE argued that business had “therefore earned the right to take a greater share of responsibility for the environment” (Cited in CEO, 2002).

However while business was keen to use the WSSD to spotlight its green credentials and positive impact on the environment, the actual state of the environment stood in stark

[158] These three members of the WBCSD co-authored *Walking the Talk: The Business Case for Sustainable Development*, the key WBCSD statement in the lead-up to the WSSD negotiations. At the time of writing, Holliday was Chairman and CEO of DuPont, Schmidheiny was the Chairman of Anova Holding AG and Watts was the Chairman of the Committee of Managing Directors of the Royal Dutch Shell Group (See Holliday, Schmidheiny & Watts, 2002).
[159] “Dematerialization of the economy” posits that capitalism in the advanced industrial nations is “decoupling” economic growth from the use of energy and materials while reducing waste flows due to these countries increased reliance on knowledge and service production combined with increased energy efficiencies (See Foster, 2002, 22-24).

contrast to the rosy pronouncements echoing through the Johannesburg Summit. As was stated, the WSSD was designed to assess environmental progress ten years after the initial Rio Earth Summit. By all measures, progress on the environmental goals outlined in the Rio negotiations constituted a monumental failure. The UN itself admitted that it is "hardly a secret – or even a point in dispute – that progress in implementing sustainable development has been extremely disappointing since the 1992 Earth Summit, with poverty deepening and environmental degradation worsening" (Cited in Pring, 2002, 413). The UN's Johannesburg Declaration provided an even starker portrait of the environment ten years after Rio:

> The global environment continues to suffer. Loss of biodiversity continues, fish stocks continue to be depleted, desertification claims more and more fertile land, the adverse effects of climate change are already evident, natural disasters are more frequent and more devastating, and developing countries are more vulnerable, and air, water and marine pollution continue to rob millions of a decent life (UN, 2002, 13).

Similarly, the environmental record of industry post-Rio was equally disconcerting. The WSSD ten-year UNEP assessment of industry progress on sustainability issues noted that while a minority of companies were making efforts to address their environmental impact, much of the improvements made were overtaken by increased economic growth and increased demand for goods and services resulting in the phenomenon known as "the rebound effect" (UNEP, 2002).

In light of this rather bleak record, it is curious why business appeared so eager to portray itself as *the* leader in regards to sustainable development strategies that appeared to offer little in the way of environmental progress in the ten year interregnum following Rio. Indeed, as has been discussed, business associations like the WBCSD and the ICC lobbied hard to secure many of the failed policies of Rio. While there is no question that national governments shared a large amount of blame in their failure to implement or enact many of the agreements that emerged out of Rio – such as the eventual Kyoto Protocols and the Bio-diversity Agreement – it is equally true that corporate groups had aggressively pushed for the self-regulatory CSR agenda that placed the onus for a large portion of environmental progress squarely upon themselves. However, this seeming inconsistency in the position of business becomes more comprehensible when one considers the wider arguments made by the WBCSD in their key WSSD document, *Walking the Talk.*

. In their preparations for the WSSD, the WBCSD released *Walking the Talk* (WTT), self-described as "the most radical and important book on corporate responsibility yet published" (Greenleaf, 2002). Yet despite the intriguing tag-line, WTT offered very little in the way of new ideas to achieving sustainable development. Rather, the book simply re-emphasizes many of the fundamental tenets of corporate environmentalism and CSR that the group had originally formulated for the Rio Earth Summit. Thus, the "radical" solutions that WTT proposes remain all too familiar, consisting of corporate voluntary regulation, greater market liberalization, elimination of market-distorting subsidies, full-cost pricing of environmental goods and services, technological innovation through 'eco-efficiency,' promotion of 'greener' consumption patterns and greater collaboration with stakeholders through dialogues and partnerships (Holliday, Schmidheiny & Watts, 2002).

However, while the means to realize sustainable development remain the same within WTT, the lack of progress since Rio is not due to the failure of these policies, but rather because they had not been *pursued far enough*. Thus, the WBCSD frames their pursuit of sustainable development as constantly hampered by the failure of governments to remove the barriers required for a true market-based approach to the environment: "Over the ten years since the Rio Earth Summit, governments have been slow to introduce the policy frameworks needed to help markets support sustainable development" (Ibid, 42). Similarly, concerning how markets can enable eco-efficiency the authors' conclude, "while businesses can do much to encourage eco-efficient practices in their operations, they are ultimately limited by the government-established policy and regulatory frameworks within which they operate" (Ibid, 59). Indeed, analogous arguments over the failure of governments to enact the correct regulatory reforms and market incentives to enable business to fully pursue sustainable development pervade WTT. It thereby allowed the WBCSD to pin the failure of Rio squarely on governments, rather than on the market approach so vehemently advocated by corporate groups like the WBCSD during the Rio negotiations. Thus, for the WBCSD the correct response to the failures of Rio was not to restrain markets, but to unleash them further.

Certainly, the final WSSD Plan of Implementation would suggest that business' lobbying appeals did not fall on deaf ears, as the content of the plan closely mirrored that of the WBCSD proposals and the CSR agenda more broadly. Indeed, the final plan delivered on many of the WBCSD proposals, calling for "enhanced corporate environmental and social responsibility," through the promotion of voluntary initiatives, codes of conduct, CSR reporting, stakeholder dialogues and the internalization of environmental costs and the use of other market instruments providing they do not "distort international trade and investment" (WSSD, 2002). However perhaps the greatest victory for business at the WSSD was the emphasis on business partnerships as the preferred means to implement the next generation of sustainable development initiatives.

In the jargon of the WSSD, "Type One Outcomes" referred to multilaterally negotiated agreements between governments to implement the original Agenda 21 promises. As the negotiations wore on, and the obstructionism of the developed countries – the United States in particular – prevented any progress on this front, the focus shifted to "Type Two Outcomes," or "concrete partnerships aimed at practical implementation of Agenda 21" (Pring, 2003, 414). The Type two outcomes consist of UN-branded voluntary partnerships carried out between various stakeholders such as business, NGOs or other willing governments. In total more than 250 of these officially sanctioned multi-stakeholder partnerships were agreed to at the WSSD (CEO, 2002; Pring, 2003; Death, 2008). The partnership approach was hailed as more "flexible and innovative in responding to the challenges posed by sustainable development than the cumbersome processes of multilateral UN diplomacy, as well as being more implementation focused" (Death, 2008, 122-123).

For critics, however, the emphasis on voluntary partnerships in lieu of negotiated binding agreements between governments smacked of acquiescence to corporate interests. Certainly many NGOs viewed the shift of implementation onto private actors as a means to deflect criticism away from governments' failures to implement the original Agenda 21 promises (Bendell, 2004; Death, 2008; Retallack, 2002). While this is certainly a valid concern, more germane to this argument is how the emphasis on Type Two Outcomes effectively sanctioned and legitimized CSR's environmental agenda at the international level. As Bendell observes, the sanctioning of multi-stakeholder partnerships at the WSSD represented "the first time agreements between non-state actors had been endorsed in this way." Due to this, Bendell describes the WSSD as marking the "crowning of multi-stakeholder partnerships and CSR on the global policy scene" (2004, 15).

Certainly, the formal institution of business-led partnerships as the preferred means to enact environmental policies of global concern should be considered precedent setting. However, while much was made of these new "solution-oriented partnerships" supplanting the more formal modes of traditional diplomacy, little commentary passed on what this development revealed about the power of CSR. Indeed, the WSSD outcomes clearly illustrate the effective power of CSR, as national governments were more than willing to abdicate their responsibilities for environmental protection to the private sector. By framing themselves as the best stewards for the environment, business 'convinced' governments that the problems of sustainable development could be outsourced into their capable hands. It thereby further demonstrates the ability of CSR to advance corporate encroachments into areas traditionally deemed the sole purview of national governments. Indeed, Jens Martens cautions that the growth of business-led partnerships in forums like the WSSD appears to be *replacing*, rather than simply complimenting inter-governmental initiatives. As is the case with stakeholder dialogues, the "democratic deficit," or what Martens deems "elite models of global governance" are a real concern with partnerships that grant powers of governance to private actors while leaving little if any room for public input (2007, 49).

Through these partnerships corporations will be allowed a great deal of autonomy as they effectively design the objectives of their own initiatives, the means of implementation and any monitoring arrangements to which they might have to submit, as proponents argued that enforced external monitoring would stifle the 'innovative' and 'spontaneous' character of these partnerships (Retallack, 2002; Death, 2007). Furthermore, the official sanctioning of these partnerships will lend a tremendous amount of legitimacy to corporate environmental initiatives as they come pre-endorsed by both national governments and the United Nations.[160]

[160] Corporate participation in such partnerships can serve a variety of corporate interests. Elsig and Amalric note that such partnerships can repair damaged reputations, deflect regulatory pressures, allow access into

In many ways the efforts of business to institutionalize the CSR agenda through the auspices of the WSSD certainly hinged on this need for renewed legitimacy for the corporate-environmental project. Indeed, there did exist a general concern that unless business could consolidate government support for the corporate environmentalist vision in Johannesburg, it might well unravel in the face of growing public discontent with corporate-led neoliberal globalization. Indeed, noting "an international questioning beginning about the role and function of free markets," WBCSD president Bjorn Stigson in a pre-WSSD address emphasized that the "trend towards the market economy" would continue only if "we can make markets function in a more sustainable way." Barring this, Stigson warned, we may see a return to "more command and control and big government to handle the sustainable development issue" (Cited in CEO, 2001b).

Further concern came from the burgeoning "corporate accountability" movement and their attempts to introduce more binding and enforceable standards to regulate corporate behaviour during the WSSD negotiation process. The corporate accountability movement – much of it an offshoot of wider global justice struggles – is highly critical of the voluntary and self-regulatory nature of conventional CSR, and has attempted to introduce the much stronger notion of corporate *accountability.* This would require corporations to be "held to account" though enforceable and punishable legal standards (Bendell, 2004; Clapp, 2005). Through the auspices of Friends of the Earth International (FOEI) and the South African group Groundwork, an attempt was made to include the need for new mechanisms of international corporate regulation in the final WSSD declaration (Bendell, 2004; FOE, 2005). This attempt resulted in fierce corporate lobbying in opposition to the proposal. Indeed, the primary activity of the ICC and WBCSD created BASD was to lobby against this proposal in favour of continued private voluntary measures (CEO, 2002; Clapp, 2005). Ultimately, while corporate accountability was briefly mentioned in the final declaration, the endorsement of private, voluntary partnerships as the preferred means to implement sustainable development clearly favoured the corporate position.

In certain regards, the WSSD may prove to be the zenith of CSR – particularly as regards its environmental component. While the WSSD effectively institutionalized many

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new markets, promote rent-seeking, enhance brand position, and serve as a means to monitor NGO partners (2008, 395-400).

of the mechanisms of both CSR and corporate environmentalism within the international policy arena, it also faced a renewed challenge from the corporate accountability movement in particular and the global justice movement more broadly. With business' very public appropriation of the mantle of environmental responsibility through the auspices of the WSSD, it now faces the daunting challenge of delivering on the promises of corporate environmentalism. As was mentioned in the previous chapter, the ability of corporate environmentalism to remain the "master discourse," through which all environmental issues are framed, will require business to demonstrate visible progress on environmental issues. Therefore, for CSR to remain an effective corporate tactic, the ability of corporate environmentalism – under the rubric of CSR – to deliver on its stated objectives will be of utmost importance.

Thus, in order to further our analysis into the ultimate potential and limits of CSR it is integral that we submit CSR's environmental claims to a critical interrogation. As was stated at the outset of this study, CSR embodies more than just discursive claims, but material practices as well. Indeed, its continued legitimacy hinges on the belief that the material practices and solutions CSR puts forth are capable of remedying the environmental ills wrought by industrial capitalism. Therefore, if we are to relinquish our control over possible environmental solutions to that of the private corporation, it appears incumbent that we assess the potential efficacy of CSR to 'get the job done.'

However, rather than focus on individual firm level projects – many of which claim a positive environmental impact – the following will attempt a more immanent critique, that evaluates the systemic compatibility of CSR's environmental claims within the broader structures of the capitalist economic system (Castree, 2003). Due to the global nature of contemporary environmental problems and the collective response they must entail, CSR must demonstrate *more* than individual firm-level benefits – it must demonstrate that the initiatives it proposes are capable of rendering the entire economic system environmentally benign.

If one were to gauge the efficacy of corporate environmental initiatives since the WSSD, they could be excused for making anything other than a rather grim assessment. Six years after the WSSD negotiations and the promotion of business as the "chief environmental agent," the state of the global environment has only deteriorated further.

The 2007 UNEP Global Environmental Outlook (GEO) is the most current assessment of the state of the global atmosphere, land, water and biodiversity. Considered the most comprehensive UN report on the environment, it was prepared by 390 experts and reviewed by more than 1000 others across the world (UNEP, 2007). Assessing the trajectory of environmental progress since the first Brundtland Report in 1987, the GEO concludes there “continue to be ‘persistent’ and intractable problems unresolved and unaddressed “(UNEP, 2007, 2).

In almost every major category environmental degradation appears to be accelerating unhindered; Water scarcity has increased, fish stocks have declined, food security is under threat for a large portion of the human population, species extinction is occurring at a rate one hundred times faster than that of the fossil record, and greenhouse gas emissions are approaching the threshold level above which could cause irreversible damage (Ibid, 2-6). Summarizing the extent of the environmental harm documented in the report, UNEP Executive Director Achim Steiner issued this warning: “The systematic destruction of the Earth’s natural and nature-based resources has reached a point where the economic viability of economies is being challenged – and where the bill we hand on to our children may prove impossible to pay” (Ibid, 4).

Certainly, not all of the above can be laid at the feet of industry, as national governments have shown an appalling lack of urgency and political will over the past twenty years to address many of these problems. However, as has been discussed, leading elements of business have actively sought to exercise leadership over the issue of the environment and have consistently promoted business as a prime agent to realize and implement practical environmental solutions – many times to the detriment of potential international or state regulatory action. Thus, if business wishes to take up this charge, it is of critical importance that the solutions it offers have a chance of success. In what follows, I wish to critically evaluate many of the key tenets of corporate environmentalism that underlie CSR and question whether or not they are sufficient for the task at hand.

To begin, it is important at this point to emphasize the substantial contribution of industrial production processes to environmental degradation both through material inputs and waste outflows. This is because much of industry’s resource and waste streams are "hidden" from public view in that they occur internal to the production process. Therefore, it is important to note this if only because the size and impact of industrial processes are frequently underestimated in regards to their contribution to environmental degradation (Foster, 1994, 2002; Soron, 2006).

Sandra Postel and Amy Vickers calculate that commercial agriculture and industry account for roughly 92 percent of global water use – with industry in the richer Northern countries responsible for approximately 59 percent of freshwater withdrawals for use in production processes (Cited in Soron, 2006, 229). According to some estimates, up to 70 percent of the materials consumed in capitalist economies are expended and discarded within the production process itself, before the final point of sale (Ibid, 230). The point to emphasize here is that industry bears an inordinate amount of responsibility for environmental degradation relative to individual consumers. Indeed, John Bellamy Foster claims that for "every ton at the consumer end of the waste stream there are likely to have been 20 tons in initial resource extraction and 5 tons produced in manufacturing" (1994, 27). As Lodziak concludes, these internal flows "account for a far greater proportion of the total volume of goods consumed than the sum total of what is consumed individually and domestically" (Cited in Soron, 2006, 228). Such evidence flies in the face of much of business and mainstream environmentalist arguments that we are all "equally" culpable for environmental damage – producers and individual consumers alike (CEO, 2001b; Foster, 2002; Soron, 2006).[161] Indeed, acceptance of such arguments lends itself to solutions that focus solely on personal ethics and individual lifestyle choices without questioning the broader power of capital to determine "what is produced; how it is produced, packaged, distributed, marketed, and rendered available for consumption" (Soron, 2006, 230). As Dawson suggests, remaining "attentive to this undemocratic power can prevent us from according ordinary people all the transferred blame" for capitalism's "costly, socially irrational actions" (Cited in Ibid, 230).

[161] This is not to acquit western levels of consumption from responsibility for environmental crisis. Indeed, the generalized category of "consumer" occludes the very substantial differentials in consumption between consumers in the developed world versus that of the developing world (See Johnston, Gismondi & Goodman, 2006, 22-23). However it should also be conceded that western consumers have very little control or knowledge regarding what types of products are on offer and how such products are produced, neo-classical economic theories of "perfect information" notwithstanding (See Soron, 2006 for a detailed examination of these questions).

As the above suggests, issues of production remain paramount to any potential environmental solution on offer. Therefore, how corporations intend to reduce or negate the environmental impact of their own production processes deserves heightened scrutiny. With this evidence in mind, I now wish to turn to a critical evaluation of many of the key assumptions that underlie CSR's environmental claims

As was stated at the outset, we need not detain ourselves with the many and varied environmental initiatives carried out under the rubric of CSR.[162] Rather, what follows attempts to submit the key fundamental assumptions that underlie many of these CSR initiatives to a form of immanent critique that will assess their ability to deliver the greener, more sustainable capitalism that their proponents promise. While this critique will draw upon concrete, real world examples, it must by necessity operate at a high level of abstraction in order to capture the underlying assumptions at work in many of the key principles of corporate environmentalism. It is hoped that what is lost in regards to nuance and specificity will be compensated for by the wider focus that this analysis provides. Lastly, in keeping with the thesis of this study, we must also evaluate the potential impact for democratic participation that such practices and techniques will engender should they be further institutionalized as the best way forward to deliver environmental protection. It is with these qualifications in mind that we now continue.

As has been discussed, the central pillars that underlie CSR's environmental claims include a package of policy prescriptions that presume to deliver environmental protection without sacrificing continued material affluence and economic growth. These include full-cost pricing, establishing property rights over, or the privatization of, environmental goods and services, "eco-efficiency," or dematerialization of the economy, and a patent reliance on technological efficiency to reduce the environmental impact of industrial production processes. In enumerating many of these core principles, I will draw extensively from arguments made by the WBCSD. This is due not only to the WBCSD's inordinate influence over both the development and promotion of CSR and corporate

[162] While it is beyond the purview of this study to document the many and varied initiatives that have been implemented under the rubric of CSR, some of the more noteworthy and popular initiatives would include internal emissions trading, carbon offsets, pollution credits, voluntary carbon reductions, carbon sequestration, 'green' commerce, 'green' purchasing strategies, dematerialization strategies and product life cycle certification among many others.

environmentalism, but also because their arguments are representative of much of the corporate environmentalist position (Najam, 2001; Rutherford, 2006).

To begin, fundamental to the corporate environmentalist project is the notion that environmental externalities are the result of pervasive market failure.[163] As has been discussed, an externality is "a cost or benefit that accrues to an activity for which a producer does not pay" (Lipschutz, 2005, 28). For instance, a firm that dispels untreated waste into a river "enjoys the benefit of not having to pay for waste treatment, while the hazards of the pollution are 'externalized' outside of the production system and imposed on downstream users, who have no direct means of stopping the pollution" (Ibid, 28). For corporate environmentalism, the above scenario is due primarily to the fact that the "costs" of polluting are not fully incorporated within the market system by means of a price signal – or in the words of the WBCSD, "only what is valued is carefully used, and so creating markets for environmental goods and services may be the best way to protect scarce resources" (Greenleaf, 2002, n.p.).[164] Thus, the neglected social costs of environmental damage must be "internalized into business and consumer budgets through the application of pollution charges, tradable pollution permits, fees for natural resource use, or by establishing property rights over natural assets" (Holliday, Schmidheiny & Watts, 2002, 66). By internalizing the full costs of production to include potential environmental harm, firms will be induced to develop less damaging and more environmentally sustainable production practices in order to keep costs down.

Therefore, one of the fundamental assumptions underlying corporate environmentalism is that nature needs to be more fully integrated into the economic logic of capitalism in order for producers and consumers to "recognize" its true worth. Yet, how does one establish the correct 'price' of an environmental good or service? As the WBCSD itself recognizes, setting a price on the environment can be difficult to measure and the very notion of "costing the earth" is fraught with controversy. However, despite these difficulties, the WBCSD argues:

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[163] Note that the idea that environmental degradation is the result of "market failure" is a fundamental tenet of neoclassical economics (See Jacobs, 1991; Soderbaum, 2000; O'Neill, 2007).
[164] "Environmental services" can refer to the amenities that the environment provides, such as recreation, or the essential 'life-support' processes that maintain the workings of the biosphere. These could include the regulation of the climate, carbon-oxygen recycling, plant pollination, etc (See Jacobs, 1991, 5).

> [T]he lack of accuracy in determining the actual and future costs of pollution should not allow us to conclude that no price can be established at all. As individuals set prices for privately owned goods, society must establish through political processes prices for the use of goods held in common; waters, atmosphere, and so on. This work must be based on the best scientific evidence and on people's preferences and choices (Cited in Holliday, Schmidheiny & Watts, 2002, 67).

In order to determine the correct "price" or "monetary valuation" for an environmental good or service, economists usually deploy one of two methods. The first, sometimes referred to as "hedonic pricing" or "revealed preference," calculates environmental prices by comparison with similar market-traded goods (Jacobs, 1991; Foster, 2002). For instance, this approach has been used to measure the value of air and noise pollution near a person's home by comparing the value of identical homes save for one situated under an aircraft flight path. The price of the houses are said to differ based on the value people place on reduced noise and heightened air quality (Jacobs, 1991, 204-205). The second approach is more suited to measuring the price of environmental goods that cannot be judged through actual market behaviour. The "hypothetical preference" or "contingent valuation" approach uses surveys to ask respondents how much they would be willing to pay to "secure a given environmental improvement, or not suffer its loss" (Ibid, 205).[165] For example, respondents might be asked how much they would be willing (and able) to pay to reduce toxic emissions by a given amount, or to preserve a particular species' habitat (Ibid, 205).

Once these economic values are ascertained, they can be entered into a cost-benefit analysis (CBA) for any proposed project that might have an undue environmental impact. Under the logic of the CBA, a proposed project "constitutes a welfare improvement if the gains are greater than the losses, so that the gainers could compensate the losers and still be better off. The optimal decision is that which produces the greatest benefits over costs" (O'Neill, 2007, 21). Thus, if dam construction threatens the homes and livelihoods of persons in the valley below, the benefits (cheap hydro-electricity, creation of a water reservoir), need to outweigh the costs (compensation for loss of farm land, relocation, threats to habitat, etc) for the project to go forward.

[165] Noel Castree dubs this effort to create "hypothetical" markets in environmental goods or services as "proxy commodification" insofar as they "artificially commodify a currently non-commodified entity or set of entities" (See Castree, 2003, 285).

Both of these methods for registering environmental preferences have been criticized for producing widely inaccurate prices due to built-in methodological biases, particularly "hypothetical preference" as it asks people to set prices on unfamiliar 'commodities' (such as polar bear survival) usually without the requisite environmental information needed to make an informed decision (Jacobs, 1991; Ackerman & Gallagher, 2000; Greenwood, 2007). However beyond the more technical problems with such economic instruments, there are deeper, more serious concerns with pricing nature that are more emblematic of market relations in general. The first regards the use of "willingness or ability to pay" as a measure to ascertain environmental value. As Jacobs argues, clearly "one's willingness to pay for a good is constrained by one's ability to do so" (1991, 212). Yet this inability to pay should not be grounds for assuming the environmental good or service in question has no value to this person. Indeed, the welfare gain that one might receive from a particular environmental change – such as increased soil fertility – may be greater the lower one's income (recall that welfare gain is the very thing the CBA is supposed to measure). However under the hypothetical preference system the value of this benefit to the poor cannot be fully registered due to their inability to pay. As economist John O'Neill observes, given a monetary valuation, "it is usually the case that the poor sell cheap" (2007, 23-24).[166] Jacobs suggests that given this unequal bargaining position in the market between rich and poor, poor groups of people asked to "defend their environment by monetary valuation against the higher bids of richer agents wishing to exploit or degrade it" will always be at a disadvantage (1991, 212). Thus, under the logic of CBA, the value or worth of nature is reduced to an economic rationality that prioritizes the needs of the wealthy over that of the poor. Moreover, as the above scenario suggests, the use of monetary valuation does not foreclose the possibility of environmental degradation, it merely delays it until it can be deemed profitable under the CBA calculus.

Similarly, the CBA calculus is incapable of registering those aspects of nature that may be deemed "priceless" or "irreplaceable" and that transcend pure economic logic. As Foster notes, many people simply refuse to "set" a price on nature when confronted with

[166] A similar concern could be raised for future generations who have the unfortunate "ontological difficulty" of making their "presence felt in today's markets for exhaustible resources" (Martinez-Alier, cited in Banerjee, 2003, 152).

a contingent valuation survey, suspicious that "such exercises point not to preservation but to something more like a protection racket" (2002, 32). As Ackerman and Gallagher observe, "for many people, the protection of endangered species and unique natural habitats, or the prevention of avoidable deaths and accidents, involve a realm of fundamental principles that transcend the market " (2000, 10). "From this perspective," the authors write, "monetization of human life and health, or of the existence of other species, is either meaningless or degrading" (Ibid, 10).[167] However, according to Jacobs, such responses are usually excluded or given a value of zero in the CBA calculation, thereby massively distorting and undervaluing the intrinsic value of these environmental goods to people (1991, 216).

Finally, we must consider the wholesale incompatibility of monetary valuation with the processes of nature. Even if given a fixed market price, elements of nature are not, and do not act like a commodity. Nature cannot be compartmentalized and parceled out as if there is no wider connection or interdependence with the whole. As such, while it may be possible to abstract a natural process or an entire species out of the whole, we rarely can predict the ecological consequences given the absence or loss of that particular process or species. This recalls Polanyi's idea that nature – in the guise of land – represents a "fictitious commodity" that resists commodification because it cannot "be detached from the rest of life" (2001, 75). Following this, Harvey observes that while capitalism "cannot function without such fictions, it does untold damage if it fails to acknowledge the complex realities behind them" (2005, 166-167). Certainly, the delicate web of interdependence inherent in ecological systems should be considered one such "complex reality." Thus, given the uncertainty regarding ecological thresholds and tipping points, it is impossible to know when one more unit of pollution may irreversibly degrade a habitat, or when the loss of one more member of a species causes an extinction level event (Ackerman & Gallagher, 2000; Beder, 2006b).[168] In such a situation, there is

[167] Perhaps the most egregious example of the brutal economic rationality of the CBA calculus were attempts to calculate the human costs of global warming. Under the direction of British economist and CBA expert David Pearce, the value of lives in poor countries was estimated at $100,000, while the value of lives in wealthy countries was closer to $ 1.5 million. The controversy that followed the release of the report only further emphasized the inequities inherent in CBA analysis (Cited in Beder, 2006b, 144).

[168] The term 'tipping point' commonly refers to a critical threshold at which a tiny perturbation can qualitatively alter the state or development of an ecological system, which can result in large scale impacts on both human and natural systems (See Lenton *et al,* 2008).

no "price signal" that will warn that one is approaching these critical limits. In this regard, the monetary valuations of the CBA prove quite useless. As Beder argues, "ecological systems are not like economic systems where you can plot trends in smooth continuous lines. Rather such systems may be able to withstand many small assaults and then collapse suddenly once a threshold is crossed" (2006b, 154). The inability of monetary valuations to register such catastrophic uncertainties only further indicts its utility as an instrument of environmental protection.

From the above, the accuracy and equity of monetary valuations of nature should be considered suspect. However, there is one final aspect of pricing the environment that needs to be addressed. This involves the de-politicization of environmental concerns by moving them out of the political arena and into the sphere of the market. By rendering environmental decisions into the economic calculus of a CBA, contentious political issues can be transformed into technical and impersonal decisions administered by experts. While advocates of market mechanisms for the environment would argue that instruments such as the CBA constitute a means for registering public preferences akin to democracy, we have seen that in the case of the CBA "votes" are inequitably distributed on the basis of wealth – hardly the basis for any democracy, no matter how narrowly conceived (O'Neill, 2007). As many environmental goods and services are ostensibly public goods that are consumed collectively, decisions over their value or worth should be decided collectively within the political arena rather than in the market. The problem here is that market instruments like the CBA constitute persons as consumers rather than citizens, encouraging individual decisions based on material self-interest without wider consultation or deliberation. Problems like the ones cited above, including lack of pertinent information to make informed decisions or concerns over equity, are unable to be voiced despite the real possibility that these might be of great concern to the public (Beder, 2006). Thus, the idea of monetary valuation should be viewed not only as an inadequate vehicle for environmental protection, but also an obstacle to public engagement with issues of environmental concern.

While instruments like the CBA attempt to insert hypothetical or 'proxy' market considerations into environmental decisions, other initiatives seek to develop much more tangible markets for environmental goods through privatization or through the creation of a wide array of private property rights over elements of nature once deemed common property.[169] Once again, the rationale for such initiatives is to correct the prior failures of the market by allocating "value" to nature. The WBCSD states that, "natural resources are undervalued in our market system, and many eco-system services are provided for free. As markets depend primarily on price signals to function correctly, these resources are frequently wasted or overused, since their depletion or dysfunction are market externalities, and consumers rarely value what they use for free" (Holliday and Pepper, 2001, 35). The WBCSD recommends that the way to remedy this supposed dysfunction is to extend private ownership over public resources as, "private owners will seek not to despoil their asset" (Holliday, Schmidheiny and Watts, 2002, 71). Indeed, in their hierarchy of environmentally sustainable property regimes, the WBCSD ranks private ownership as "the most likely to favor sound resource stewardship," as "an appropriate and effective system of [private] ownership will lead to greater incentives to conserve natural resources at the local level" (Ibid, 71).[170]

The idea that private property rights foster sound resource stewardship has its genesis in Garrett Hardin's influential thesis from his 1968 essay "Tragedy of the Commons."[171] According to Hardin, the absence of private property rights in the English common lands prior to enclosure inevitably led to environmental disaster as each individual with access to the common would selfishly attempt to graze "as many animals as possible on a finite area of land, putting excessive stress on the environment" (Perelman, 2003, 73). Since the publication of Hardin's essay, it has been subject to savage critique as historians demonstrated that access to most common lands were (and continue to be) subject to

[169] Note that the state looms large in the corporate agitation for the creation of property rights and markets for environmental goods, as it will ultimately fall upon governments to create the appropriate legal apparatus and enforcement mechanisms necessary for such markets to operate. As Ellen Meiksins Wood observes, "absolute private property, the contractual relation that binds producer to appropriator, the process of commodity exchange – all these require the legal forms, the coercive apparatus, the policing functions of the state" (1995, 30). This re-affirms the argument that under neoliberalism, the state still remains a central player in the coordination of economic policy, even if it has removed itself from key areas of social and regulatory provision over which it had previously been responsible.

[170] Citing economists Pearce and Barbier, *Walking the Talk* identifies four different types of property right: private ownership, state ownership, common ownership, and open access. Of these, private ownership is said to be the most environmentally sustainable while open access is said to be the most environmentally destructive (Holliday, Schminheiny & Watts, 2002, 71).

[171] As Ian Angus observes, Hardin's essay is one of the most re-printed and oft-cited scientific articles, and for "40 years it has been, in the words of a World Bank Discussion Paper, the dominant paradigm within which social scientists assess natural resource issues" (Cited in Angus, 2008, n.p).

community enforced restrictions and obligations that actually managed to maintain the environmental viability of these lands for hundreds of years (Cox, 1985; Perelman, 2003; Johnston, 2006; O'Neil 2007). Indeed, political historian Susan Jane Buck Cox argues that what existed in fact was not "a tragedy of the commons but rather a triumph: that for hundreds of years – and perhaps thousands, although written records do not exist to prove the longer era – land was managed successfully by communities" (Cox 1985, 60). Ultimately, even Hardin himself was forced to alter his argument in light of the overwhelming evidence marshaled against his original thesis (O'Neill, 2007, 53).[172]

Despite the thorough discrediting of Hardin's original thesis, the argument that private ownership results in sounder stewardship of natural resources and the environment persists, even forming the scientific basis for IMF and World Bank policies for the privatization of public property (Angus, 2008; Boal, 2007).[173] However, how much veracity do such claims have in reality? The basis of the argument is that by exercising private ownership over an environmental good or service, it is in my best interest to ensure the sustainability and viability of the asset in question. Yet, does private ownership actually ensure such stewardship when located in the competitive and profit-oriented environment inherent to capitalist socio-economic relations? The above rationale assumes that there is not an alternative economic use for the good in question that might yield a more significant profit. As Ian Angus bluntly states, under a regime of private ownership, "if ethanol promises bigger and faster profits than centuries-old rain forests, the trees will fall" (2007, n.p).

Indeed, we need not look very far for examples of how the profit imperative can undermine the assumptions of property rights enthusiasts. For instance, private ownership of forestry resources tends to encourage the development of plantation-style forests comprised of a single, high-yielding monoculture that can be turned around quickly in order to maximize profits. Thus, according to one authority, the "scientific forester" must:

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[172] In 1998 Hardin stated "it is now clear to me that the title for my original contribution should have been *The Tragedy of the Unmanaged Commons*….I can understand how I might have misled others." However as O'Neill suggests, this characterization is still misleading as the tragedy is not about common property regimes but open access regimes subjected to private competition (See O'Neill, 2007, 199 n6).

[173] As Feeny et. al. explain, the conclusions drawn by Hardin have reached the "status of scientific law" and are standard fare within environmental studies, resource science and economics (and their respective textbooks) and are used routinely in resource-management policy formulation (Feeny et. al. 1998, 55-56).

> [Clean] up the diversity of age and size classes that are less efficient to cut, skid, process, and sell. He eliminates slow-growing and unsaleable trees, underbrush and any animals that might harm his crop. He replaces natural disorder with neat rows of carefully spaced, genetically uniform plantings of fast-growing Douglas firs. He thins and fertilizes to maximize growth. He applies herbicides and insecticides and suppresses fires to protect his crop against the ravages of nature that must be fought and defeated (Cited in Foster, 1994, 111).

While such practices may be characterized as "sustainable" insofar as they do regenerate the environmental asset (trees), the imposition of such standardization and homogeneity upon a natural environment can destroy bio-diversity, threaten watersheds and species habitat while significantly reducing soil quality (Foster, 1994; 2002; Humphreys, 2006).

A similar argument can be made concerning capitalist agricultural practices. As with forestry, capital accumulation strategies have increasingly severed the link between agriculture and ecology, with the implementation of genetically homogenous mono-crops coupled with massive infusions of chemical pesticides and fertilizers to maximize yields (Altieri, 2000). Commercial agriculture has thereby become more susceptible to pests and diseases and is responsible for the leeching of chemical inputs such as nitrogen into the soil, groundwater, oceans and even the atmosphere (Altieri, 2000; Moore & Clark, 2008; Speth, 2008). Indeed, capital-intensive agricultural practices are now thought to be responsible for a "looming global soil crisis, marked by accelerating erosion, diminishing fertility, and perhaps most ominously the disruption of the global nitrogen cycle" (Moore & Clark, 2008, 2). The above two examples illustrate how the imperatives of capitalism have regimented nature into pathways that – while perhaps more productive in the short term – may ultimately prove unsustainable, if not destructive for the environment in the long run (Bollier, 2003; Castree, 2003).

Ultimately, responsible environmental stewardship premised on private ownership under a capitalist economic system is limited by what is commercially viable. It is this imperative that determines the degree of environmental stewardship that a private owner will afford his or her "asset." As Glenn Albrecht argues, the ability of private ownership to remedy environmental problems is only likely to be effective in protecting environmental goods or services that are considered commercially important. Only if the commercial value of the environmental good or service "exceeds that of other potential sources of income that could be generated from the same natural capital" is responsible stewardship assured in an economy premised on profit maximization (2003, 104). Albrecht continues:

> If, for example, the conservation of species for ecotourism generates income which is greater than that which could be gained by using their habitat for the growing of cash crops, then the private property rights of the owners of the habitat will effectively protect those species . . . However, this model becomes progressively less plausible when we are confronted with rare but commercially unimportant species [or ecosystems] versus very large development proposals that are inconsistent with their continual existence (Ibid, 105).

Thus, rather than ensuring sound environmental stewardship, private ownership of environmental goods or services within a competitive market system would appear to be equally subject to the vagaries of the capitalist market as the value of sustaining a certain 'asset' becomes contingent on the cold calculus of market logic. Should the value of the environmental good or service decline relative to an alternative economic use, are we prepared to accept the premise that the private owner (whether corporate or individual) would refrain from maximizing the potential profitability of their assets for the sake of environmental protection? Pronouncements of environmental ethics and corporate social responsibility to the contrary, such a scenario seems highly implausible in light of the survival imperatives emblematic of a competitive capitalist economic system.

While the argument that private ownership of environmental goods or services provide the best means to ensure ecological sustainability appears questionable, there are other equally serious concerns regarding the commodification of public goods through privatization and/or the extension of private property rights over areas traditionally deemed "common property" – or what David Harvey (2005) more broadly describes as "accumulation by dispossession."[174] The first concern is in regards to access. Obviously,

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[174] As Harvey explains, "accumulation by dispossession" refers to the continuation and proliferation of accumulation practices which Marx had considered as 'primitive' or 'original' during the early rise of capitalism. These practices include the commodification and privatization of land, conversion of various forms of property rights (common, collective, state) into exclusive private property rights, suppression of rights to the commons, commodification of labour power and the suppression of alternative forms of production and consumption; appropriation of assets; extraction of rents from intellectual property and the diminution or erasure of various forms of common property rights such as state pensions, healthcare, education, housing, etc (Harvey, 2005, 159-160).

when a previously public good that was provided for free or at a subsidized price is privatized, access becomes dependent upon one's ability to pay, rather than by virtue of citizenship alone (Soron & Laxer, 2006, 16). For crucial environmental goods such as clean water, access based solely on ability to pay can have devastating consequences. A vivid contemporary example of this is supplied through the experience of privatization of public water resources in Bolivia and South Africa, where rates for basic water services skyrocketed after the transfer of public water utilities into private hands (Schultz, 2000; Jeter, 2002).[175] In the case of South Africa, water privatization was framed in terms of full-cost pricing, as water was considered "colossally under-priced," with charges set to "recover full costs, including environmental ones" (Bond, 2004, 7). However, the end result of this transfer of public goods into private hands were mass water disconnections as the result of non-payment which led to the worst cholera outbreak in the country's history as citizens were forced to seek water from untreated local sources (Jeter, 2002; Bond, 2004).[176]

In many ways, the extension of private property rights over the atmosphere and other "carbon sinks" through carbon and emission trading schemes can also be viewed as a contemporary example of the private enclosure of a putative natural commons. The very "basis of emissions trading," according to former World Bank chief economist Sir Nicholas Stern, "is assigning property rights to emitters, and then allowing these to be traded" (Cited in Lohmann, 2006, 75). As property law specialist Gerald Torres explains, in emissions trading systems "an emitter is not only legally obligated to reduce emissions down to the limit specified on its permit; it is also legally entitled to emit up to that amount" (Cited in Ibid, 75). As a result, the very atmosphere is in effect privatized as these property rights convey entitlements to private actors to use what should be recognized as the public's atmosphere (Bachram, 2004; Lipschutz, 2005; Lohmann, 2006; Dorsey, 2007a; Shiva, 2007). However, according to Indian activist and physicist

[175] It is important to note that in the case of South Africa, public water delivery was transferred into the private hands of WBCSD member Suez International (Bond, 2004). Despite WBCSD rhetoric that full-cost pricing will not place environmental resources "out of the reach of the poor," that is exactly what occurred in South Africa (See Holliday, Schmidheiny & Watts, 2002, 65).

[176] According to Jon Jeter, nearly a quarter of South Africa's 44 million people live in households that have had their water cut off at least once since 1996 (2002, 38).

Vandana Shiva, carbon emission schemes actually constitutes a second phase of privatization:

> I think we need to pay particular attention to the dominant solution in terms of carbon trading. Because at the philosophical level, at the world-view level, it's the second privatization of the atmospheric commons. The first privatization was putting the pollution into the atmosphere beyond the earth's recycling capacity. Now with carbon trading, the rights to the earth's carbon cycling capacity are gravitating exactly into the arms of the polluters. The environmental principal used to be the polluter must pay. Carbon trading is transforming that into the polluter gets paid (2007, n.p).[177]

Indeed, the establishment of property rights and markets in carbon has been a boon to corporations, as the global market in carbon credits are expected by 2010 to be worth close to $27.5 billion according to the International Energy Agency (Cited in Beder, 2006b, 171).[178] Thus, emissions trading schemes have created new markets to increase corporate profits while being of dubious value in actually reducing the total output in carbon emissions (Bachram, 2004; Lohmann, 2006; Dorsey, 2007a).[179] Indeed investigative reports evaluating both the European Union and Kyoto emission trading schemes documented windfall profits for corporate polluters while delivering little if any benefit to the environment (Lohmann, 2006; Davies, 2007; Harvey & Fidler, 2007; Hotten, 2008).[180]

And yet, the privatization of the atmosphere is not the only form of collective environmental good under threat by the implementation of emission trading schemes. Many of these trading plans include "carbon offset" provisions, whereby an emitter in one country can "offset" their total carbon emissions by investing in plans to reduce carbon in another. The most prolific of such offset strategies is the creation of "carbon

[177] The very act of polluting can be viewed as an unjust appropriation or "taking" of a common resource insofar as this is done "without compensation to people or other species who have relied on the atmosphere for survival since life began" (See Lipschutz, 2005, 44). For instance, as McAfee argues, despite the fact that the atmosphere is regarded as a global public good, "industrialized countries have already appropriated most of its 'benefits' by saturating the atmosphere beyond the limit of sustainability with ozone-depleting chemicals and green house gasses" (1999, 142).

[178] Under most trading schemes unused credits can either be "banked" or sold to the highest bidder on an open carbon market (See Bachram, 2004).

[179] For example, under the proposed Kyoto carbon emissions trading program, the Dutch institute RIVM estimates that actual reductions under the plan will amount to a paltry 0.1 percent, far below the already modest target reduction of 5.2 percent (Cited in Bachram, 2004, 6).

[180] Under both the EU and Kyoto trading plans, the original allocation of carbon credits was handed out *free* to firms in proportion to the amount of GHGs emitted. In other words, the largest polluters received the largest allocations of carbon credits (See Lohmann, 2006).

plantations" – massive acreages of newly planted tress designed to act as a "carbon sink" and "soak-up" excess carbon (Bachram, 2004; Cohen, 2004).[181] Many of these plantations consist of a sole monoculture (such as eucalyptus) designed to maximize carbon sequestration (Lohmann, 2006). As was argued previously, the environmental effects of replacing biologically diverse flora and fauna with a monoculture can result in bio-diversity loss, habitat destruction, water table disruption and needless soil erosion. Thus efforts to combat environmental degradation in one area have the perverse effect of deepening it in another. That these plantations are usually sited in the developing world in order to compensate the carbon emissions of Northern polluters have caused some commentators to describe these schemes as a form of "carbon colonialism" (Bachram, 2004; Lohmann, 2006). Moreover, the creation of these plantations constitute their own form of enclosure as local peoples are denied access or in some cases forcibly evicted from what were previously communal lands (Bachram, 2004; Lohmann, 2006).[182] Thus, carbon emissions schemes can be characterized as a private enclosure at both ends of the process, as the atmospheric commons are privatized at one end, while common lands designed to serve as carbon sinks are enclosed at the other.

While the restrictions to access of previously common property as the result of privatization constitutes a glaring injustice, it is not the sole problem when considering the effects of privatization. As Soron and Laxer observe, the extension of private ownership rights over the commons – whether natural or otherwise – involves the transformation of collective goods, whose "use and allocation are determined, at least in principle, through democratic decisions and common rights, into privately owned goods, produced for profit rather than use value" (2006, 17). As the commons shrink, people are increasingly deprived of "common rights and adequate access to viable non-commodified sources of public goods such as clean air, water, food, shelter, land, transportation, health care and education" (Ibid, 17). Ellen Meiksins Wood argues that as public goods are removed from the public to the private sphere, they are also ostensibly removed from the

[181] The science behind the use of trees as carbon sinks is nascent at best. Recent research indicates that after an initial carbon uptake, trees lack the requisite nutrients to maintain their growth in a way that constitutes a "carbon sink." Even with this in mind, the IPCC estimates that "potential reforestation and afforestation for the entire planet would only represent about 2 percent of the annual global carbon uptake by the terrestrial biosphere" (Cited in Cohen, 2004, 156).

[182] Such was the case in Uganda, where a Norwegian firm leased lands for a carbon sink project which resulted in the forcible eviction of 8,000 people from thirteen villages (See Bachram, 2004, 12).

"sphere of democratic accountability, answering not to the will of the people but to the demands of the market and profit" (Cited in Ibid, 21). Erik Swyngedouw's insights on the democratic consequences of water privatization can be more broadly generalized in this regard. As Swyngedouw observes, through privatization, decision-making frameworks are removed from local or regional political control and into the executive boardrooms of global corporations. This, coupled with principles of business secrecy, lack of transparency, and limited if any means for public input – beyond the much vaunted 'stakeholder dialogue' – can result in autocratic systems of corporate control over environmental goods and services that are the key provisions of life itself (2005, 91). As we witnessed with the monetary valuation of environmental goods and services, the privatization of the commons effectively "depoliticizes and 'economizes' areas of life that would otherwise fall under collective deliberation." Such an outcome effectively "depletes the scope and content of popular democracy" (Soron & Laxer, 2006, 21).

Lastly, we must consider the actual feasibility of implementing such strategies for the full internalization of environmental costs into the business calculus. Even the WBCSD acknowledges the reticence among business to advocate for a system that would impose greater costs on their operations, noting that "critics complain that we may favor full-cost pricing in principle or before a summit but that our companies do not lobby for such change in 'normal' times" (Holliday, Schmidheiny & Watts, 2002, 17). In fact, certain WBCSD members have actively lobbied *against* initiatives that would amount to a greater internalization of environmental costs (See Kovel, 1999; Thompson & Hubbard, 2007).[183] However, business concern over full-cost pricing is warranted, as there is the real possibility that the full internalization of *all* environmental costs could very well undermine the profit system itself. All told, it has been estimated that nature's ecological services provide some $39 trillion of value to the economy – compared with a global GDP estimated at $35 trillion (Bollier, 2003, 65). While this does not capture the actual environmental *costs* of economic activity, it does put into perspective the degree to which economic activity is reliant on the environmental services the earth provides for free. A

[183] For example, despite their WBCSD membership, both Shell Oil and Chevron have actively lobbied against a number of environmental initiatives, including the kinds of pollution and energy taxes and environmental R&D subsidies advocated by the WBCSD (See Kovel, 1999; Thompson & Hubbard, 2007).

more pertinent thought experiment regarding the full internalization of environmental costs is provided by John Bellamy Foster:

> The difficulty of internalizing all external costs becomes obvious when one considers what it would take to internalize the costs to society and the planet of the automobile-petroleum complex alone, which is degrading our cities, the planetary atmosphere, and human life itself. Indeed, as the great ecological economist K. William Kapp once remarked, "Capitalism must be regarded as an economy of unpaid costs." The full internalization of social and environmental costs within the structure of the private market is unthinkable (2002, 37).

While the internalization of some environmental costs is a possibility – and may even inhibit certain environmentally destructive practices such as the emission of pollutants in the short-term – the full internalization of the environmental costs of private economic activity seems utterly impracticable without fundamentally undermining the profit motive itself.[184] Therefore, corporate rhetoric advocating full-cost pricing aside, only partial incorporation of environmental costs can be considered feasible within the constraints of an economy premised on profit maximization.

In this regard, it appears that calls for such schemes represent more a means of rent-seeking through which the more technologically advanced and environmentally savvy corporations – like the members of the WBCSD – can erect barriers to entry and raise costs for competitors. Indeed, this is almost made explicit by the WBCSD: "Leadership companies would be happy with full-cost pricing because, being cleaner and more efficient than other companies, they would be producing goods and services for less" (Holliday, Schmidheiny & Watts, 2002, 18). Moreover, calls by corporate groups like the WBCSD to introduce increased subsidies, tax breaks and other incentives on corporate operations deemed environmentally sustainable would only further these companies' market advantage, while ostensibly socializing the costs onto the public (McAfee, 1999; Holliday & Pepper, 2001; Holliday, Schmidheiny & Watts, 2002). Indeed, the threat is often made by the WBCSD that companies will not fully pursue

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[184] Even if it were possible to pass all these expanded costs on to consumers, this would invariably "price" greater numbers of consumers out of the market for these "environmental goods," which are also, materially, the means of life and means of survival. Such initiatives, deemed to protect the natural commons for us all, would in reality have the effect of excluding greater numbers of people from the necessary means of survival. The example of South Africa and water privatization is illustrative in this regard (See Enoch, 2007, 82).

environmentally sustainable strategies unless the right framework of incentives are put in place by governments. For instance, in the case of eco-efficiency, the WBCSD warns that "profits from resource efficiency are limited, only when externalities are internalized and resources and pollution are priced properly will efficiency improvements provide a full pay-off. Governments must therefore ensure that the external costs of resource use are internalized into the respective prices, that perverse subsidies are eliminated, and that those who avoid pollution are rewarded" (WBCSD, 2000, 12).

Thus, corporate advocacy for the full internalization of environmental costs should be considered more a competitive business strategy to inaugurate a market regime that would benefit certain corporations over that of others, rather than a means to seriously address environmental degradation. Assessing the failures of the EU carbon market, John Kay of *The Financial Times* writes, "When a market is created through political action rather than emerging spontaneously from the needs of buyers and sellers, business will seek to influence market design for commercial advantage" (2006, 17). As Daniel Buck reminds us, capitalists – rhetoric aside – always favour a solid, unassailable market position to the vagaries of free-market competition. One of the most assured ways of achieving such a position is "not by beating one's competitors incrementally within a given framework, but by transforming the framework, by breaking through to a whole new framework and gaining an absolute rather than relative advantage (if only temporarily, until the others catch-up)" (2007, 63). Given the competitive advantage that would accrue to those corporations best poised to make the transition into the world of markets for environmental goods and services, it seems assured that these very same corporations would aggressively push for the corporate environmental "frameworks" outlined above – as demonstrated by the promotional and lobbying efforts of the WBCSD.

The preceding argument raises serious doubts as to whether the principles that underlie corporate environmentalism can actually achieve their stated aims of a greener, more ecologically sustainable economy. Equally important, the reliance on market mechanisms and private modes of ownership characteristic of corporate environmentalism effectively depoliticizes environmental debate and precludes public input into crucially important environmental decisions. In light of these shortcomings, the above strategies should be treated with a great deal of skepticism, as they appear not only incapable of achieving their stated aims, but also deleterious to the popular expression of democracy. However, despite the variety and complexity of the corporate environmentalist project so far outlined, we have yet to address what many believe to be the fundamental motive force driving global environmental degradation – exponential economic growth. It is to this critical question and the corporate environmental response that we now turn.

Chapter Eight

An Ecological Vampire: Capitalism, CSR and the Remaking of Nature

From the preceding chapter we have observed that the fundamental tenets that underlie much of CSR-inspired environmentalism appear unable to substantially address the current environmental crisis. Moreover, the implementation and entrenchment of many of these policies would foreclose any significant role for the public in environmental decision-making, effectively ceding these decisions to the private corporation and the vagaries of the market. However, we have yet to address the primary claim of corporate environmentalism – that continued economic growth can harmoniously co-exist with environmental protection. This chapter seeks to elucidate the processes that drive economic growth and expansion in a capitalist economy while evaluating the purported efficacy of corporate environmental strategies such as eco-efficiency and dematerialization to render economic growth ecologically benign.

Once this evaluation is complete, we will be in a better position to theorize the general utility of CSR and its environmental component to the "eco-capitalist response" that has been in development since Rio. Indeed, the conclusion of this chapter will attempt to synthesize the arguments of the previous two chapters in order to better understand how CSR has contributed to corporate efforts to navigate the ecological contradictions of capitalism and re-assert corporate hegemony over issues of environmental concern.

As has been discussed, corporate environmentalism posits the notion that economic growth and environmental protection are not mutually exclusive, but actually mutually reinforcing. Indeed, the very principles of corporate environmentalism are founded on the belief that expanded economic growth could actually aid environmental repair. Ecologist William Rees succinctly sums up this position:

> If there are no general environmental constraints on the economy and we can find technological substitutes for particular resources, then the quickest route to sustainability is to stay our present course. If we continue freeing up markets, privatizing resources…and eliminating barriers to trade, a new round of growth in both rich and poor countries will provide the wealth needed both to redress

> poverty and inequity and to generate the economic surpluses needed…to husband the natural environment (1995, 347).

Despite the broad acceptance of this position in current mainstream policy discourse, there nevertheless exists a large body of scholarship – from diverse political standpoints – that identifies economic growth as the root cause of environmental degradation rather than its saviour (For example see Daly, 1974; Jacobs, 1991; Salleh, 1994; O'Connor, 1994b; Foster, 2002; Speth 2008).[185] Unlike the passage cited above, many of these scholars reject the notion that the planet can be treated as an infinite resource or an infinite waste sink based on an abstract faith in technology or resource substitution to come to our rescue. Rather, this position posits that the earth's eco-systems constitute a finite biosphere beyond which limit the extent to which the current economy can ultimately grow.[186] As has been discussed in the literature review, many advocates of actual physical limits to growth base their argument on the second law of thermodynamics or the "entropy law." According to Nicolas Goergescu-Roegen, economic activity is inextricably linked to increases in entropy:

> Economic activity increases entropy by depleting resources and producing wastes. Entropy on earth can only be decreased by importing low entropy resources (solar energy) from outside it. This energy can renew resources and neutralize and recycle [certain] wastes. To the extent that the human economy is powered by solar energy it is limited only by the flow of that energy. Growth in physical production and throughput that is not based on solar energy must increase entropy and make environmental problems worse, implying an eventual limit to such growth (Cited in Porritt, 2005, 58-59).[187]

[185] As will become clear in what follows, the indictment here is not of any or all forms of economic growth, but rather the exponential and peculiarly environmentally destructive form of growth inherent to the capitalist mode of production.

[186] For the purposes of this argument, 'economic growth' refers not only to the conventional measurements of monetary production in national accounts such as the Gross Domestic Product (GDP), but also the biophysical throughput of the economy. This includes materials taken from the natural world that pass through the economy and emerge as wastes. As Speth notes, "throughput can be thought of as measuring the physical size or scale of the economy. So throughput and its growth are the origin of much of the economy's burden on the environment" (2008, 110). While material throughput does sometimes correspond with GDP, they do not always, which can preclude a clear sense of the physical size of an economy and its environmental impact (See Jacobs, 1991; Speth, 2008).

[187] It should be emphasized that natural processes cannot recycle all wastes. Certain chemicals, toxic wastes and non-biodegradable materials may be impossible for natural processes to completely breakdown (See Huesemann, 2003). This can even be true of products deemed "bio-degradable," such as the Mobil Chemical's 'Hefty' brand garbage bag – which while initially marketed as biodegradable – was later revealed to be a regular trash bag with added starch that did not decompose at all. As a Mobil spokesperson

Given these laws, the global ecosystem should be viewed as fixed in terms of its capacity to supply energy and materials, absorb wastes, and provide a host of ecosystemic services, whereas the global economy continues to expand, depleting resources and producing wastes at an accelerating rate (Jacobs, 1991; Booth, 2004; Speth, 2008). As Meadows *et al* conclude in their most recent study of the limits to growth:

> The human economy is now using many critical resources and producing wastes at rates that are not sustainable. Sources are being depleted. Sinks are filling and, in some cases, overflowing. Most throughput streams cannot be maintained over the long term even at their current flow rates, much less increased. We expect many of them will reach their peaks and then decline in this century (2006, 56).

Thereby, it becomes inevitable that at some point the expansion of the economy and the limits of ecology will come to a collision.

However, if there are definite limits to growth, the question becomes, how close to the biophysical limits of the earth are we? As the above suggests, many commentators believe that we are already dangerously close, if not already surpassing the biophysical limits of the earth due to current production and consumption rates (Daly, 1993; Rees, 1995; Foster, 2002; Meadows *et al*, 2006; Speth, 2008).[188] Certainly, the grim nature of current scientific reports from the likes of the IPCC and UN GEO-4 would appear to confirm these fears. Indeed, the most recent Millennium Ecosystem Assessment (MEA) – compiled by over 1300 experts in their respective fields – reaches equally dim conclusions:

> Human activity is putting such strain on the natural functions of Earth that the ability of the planet's ecosystems to sustain future generations can no longer be taken for granted. The provision of food, fresh water, energy, and materials to a growing population has come at considerable cost to the complex systems of plants, animals, and biological processes that make the planet habitable… Nearly two thirds of the services provided by nature to humankind are found to be in

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candidly admitted, "degradability is just a marketing tool. We're talking out of both sides of our mouth because we want to sell our bags" (Cited in Athanasiou, 1996, 246).

[188] While cognizant that the notion of ecological limits are historically and geographically contingent, and can be pushed back in certain respects given resource substitution or technological efficiencies, the assessment in this study is based on the current trajectory of growth under the prevailing capitalist mode of production and the current scientific assessments of the consequences of continuing that growth. I am therefore not concerned with evaluating possible future scenarios based on speculative technological inventions or substitutions of resources. I am more concerned with assessing the ecological implications of the current system as it stands.

> decline worldwide. In effect, the benefits reaped from our engineering of the planet have been achieved by running down natural capital assets…In many cases, it is literally a matter of living on borrowed time (MEA, 2005, 7).

The MEA are not alone in their assessment; the most recent survey of scientific opinion on possible ecological "tipping points" identified nine specific sub-systems of the earth that, due to human activities, may be close to, or already past the threshold at which the future state of the system is qualitatively altered (Lenton, *et al*, 2008; Sample, 2008).[189] Similar studies undertaken by the Santa Fe Institute (SFI) identify an even greater number of fragile eco-systems throughout the world that are potentially on the verge of being pushed past their ecological thresholds as the result of human activity (Resilience Alliance and SFI, 2008).

However, the point at which we surpass the ability of the earth to sustain human activity does not have to manifest itself as some system-wide cataclysmic failure. As Daly puts it, it is not a question of all of a sudden running out of scarce resources or overloading planetary sinks for our waste (though it is argued that this is inevitable if we maintain our present course); it is rather when "economic growth" increases ecological costs faster than production benefits. When this occurs, it becomes in truth "anti-economic" growth, as it is ultimately "impoverishing rather than enriching' (Daly, 1993, 815-816). Thus the pursuit of growth past this point actually accelerates the environmental destruction of the earth rather than reversing it, in direct contradiction to the arguments put forward by the advocates of corporate environmentalism.

Indeed, discussions of physical limits to growth or entropy laws are anathema to most of the theories posited under the umbrella of CSR and corporate environmentalism. To this mode of thinking, any potential limits are self-imposed, requiring only the ingenuity of technology or resource substitution to overcome them. As has been discussed, corporate environmentalism wagers that the right mixture of technological efficiency and dematerialization of the economy – such as through eco-efficiency strategies – can surmount any potential limits to growth. We will return to these questions

[189] The surveyed experts concluded that the following ecological sub-systems were most under threat; Arctic sea-ice, the Greenland ice-sheet, West Antarctic ice-sheet, the Atlantic Thermohaline Circulation (which moderates the climate on the European continent), the El Nino–Southern Oscillation, the Indian Summer Monsoon, the Sahara/Sahel and West African Monsoon, the Amazon Rainforest, and the Northern Boreal forest (See Lenton *et al*, 2008, 1788-1791).

in due course, however it is important at this juncture to locate the source of this phenomenal growth imperative that characterizes the current economy in order to evaluate whether the proposed strategies of CSR can sufficiently ameliorate its environmental impact. However, in order to unravel the source of the growth imperative that drives the contemporary economy, we must ultimately interrogate the nature and logic of that peculiar, yet essential element of any capitalist economy – capital itself.

Very simply stated, the general formula for capital (generalized commodity production), as Marx described, is one of M-C-M', through which the capitalist exchanges money for a certain commodity (labour power and means of production – the means of producing a fresh commodity), "which is then sold again for money, but with a profit" (Foster, 2002, 36).[190] This process Marx also described as "buying in order to sell dearer" (1978, 335). Moreover, due to what Marx deemed "the coercive laws of competition," this process must constantly repeat itself, as the capitalist continually re-invests their surplus in order to match the expansion and productivity gains of other, competing capitalists:

> Competition for profits arises because the only way a firm can stay in business is to make profits. Each business owner has no choice but to engage in a never-ending race to avoid falling behind. The surest way to stay ahead is to produce better goods or services at lower cost. To keep up each firm must not only replace the capital goods and materials that are used up in the production process, it must also expand and improve its own product line, break into new markets, introduce new technology, and find lower cost ways of getting the necessary work done (Bowles, Edwards & Roosevelt, 2005, 58).

Failure to re-invest in further expansion or productivity gains invites disaster for the individual capitalist firm. As Jacobs puts it:

> If one firm reinvests its profits to buy more productive machinery, or to increase production, its competitors are often required to do so also, for fear of losing markets and eventually going bankrupt. Even where large firms have only a few competitors, the pressure for growth arises from the institution of tradable shares. A firm that does not expand, particularly in terms of profit, will see its shares fall in value, thereby risking takeover (1991, 26).

[190] As Marx emphasizes the difference between money as "money only" and money as capital "is nothing more than a difference in their form of circulation" (1978, 329). Therefore, money that remains in the circuit of capital (M-C-M') remains capital, until it is taken out of the circuit.

The expansionary nature of capital accumulation – what O'Connor calls "money in search of more of itself" – becomes evident as individual capitalists are compelled by the competitive drive of the system to expand production in order to realize greater profits which are then re-invested to stoke even further expansion and even greater profits (1998, 180).[191] As Marx concludes, value therefore now becomes "value in process, money in process, and as such, capital. It comes out of circulation, enters into it again, preserves and multiplies itself within the circuit, comes back out of it with expanded bulk, and begins the same round ever afresh" (1978, 335). As Kovel further explains, this process is ostensibly limitless. The reason for this is that exchange-value represents a commodity's "exchangeability," an abstraction that can only be expressed in quantitative terms, such as money. Unlike its material substrate, which is bound by the laws of nature, money can "effortlessly expand," creating "great pools of capital" that "provide the benchmark for growth," and as they gather, "press yet for further expansion" (2002, 43). Hence, because the accumulation of money is in principle infinite, capital can seek out more and more opportunities for investment and profit, thereby driving further expansion.

Thus, capitalism as an economic system is compelled by pain of extinction to grow and expand; it must "accumulate or die" in Marx's words (Cited in Foster, 2002, 80). Moreover, given that increased production and expansion tends to increase the amount of biophysical throughput (materials and energy), this ceaseless drive to accumulate is profoundly linked to environmental degradation as it accelerates both the depletion of resources and the production of waste (Foster, 2002; Porritt, 2005; Burkett, 2005; Speth, 2008).[192] As Altvater observes:

> The logic of the market makes it necessary to aim for a money surplus, without which a microeconomic unit (a firm) has to admit defeat and declare itself bankrupt.... High rates of profit and accumulation (in terms of values or prices) usually indicate a high throughput of materials and energy: that is, in a closed system, high rates of entropy increase (1993, 202-203).

[191] It should be noted that these competitive pressures are at work even in stages of what have been described as oligopolistic or monopoly capitalism. As Harvey states, competition can take many forms besides those that attach to price, such as product differentiation, market share, and stock performance (See Harvey, 1992, 149-150).

[192] Increased material and energy flows can be reduced through efficiency gains, however the amount of possible reduction is a problem that will be considered in what follows.

However, what makes this expansion even more ecologically destructive is that the circuit of capital not only promotes continuous growth, but *exponential* growth. This is because the end of each circuit forms the basis of a new "starting point" in Marx's words (1978, 333). This means that profit accumulated in the course of one circuit is carried forward and becomes the basis for the next round of accumulation. As Marx observes in the *Grundisse*:

> The barrier appears as an accident which has to be conquered. This is apparent on even the most superficial inspection. If capital increases from 100 to 1,000, then 1,000 is now the point of departure, from which the increase has to begin; the tenfold multiplication; profit and interest themselves become capital in turn. *What appeared as surplus value now appears as simple presupposition, etc,* as included in *its simple composition* (1993, 335n).

Therefore, as long as capitalism remains crisis-free, and capital accumulation is not hindered by lack of consumer demand, availability of labour, access to material inputs, or other constraints to its expansion – it will tend to grow exponentially (Harvey, 1994; Kovel, 2002; Meadows *et al*, 2004). Certainly, all capitalist economies measure their success or failure based on their ability to grow exponentially year after year (Speth, 2008). Given that rates of growth typically correspond to rates of biophysical throughput, even a relatively modest growth rate of three percent a year, compounded annually, can result in a tremendous amount of physical growth of an economy: "A continuous 3 percent average annual rate of growth in industrial production, such as obtained from 1970 to 1990, would mean that world industry would double in size every twenty-five years, grow sixteen-fold approximately every century, increase by 250 times every two centuries, 4000 times every three centuries, etc" (Foster, 2002, 45). Foster goes on to explain the ecological consequences of such growth:

> [T]he tendency of the present treadmill of production is to expand the throughput of raw materials and energy because the greater this flow, from extraction through the delivery of final products to consumers, the more opportunity there is to realize profits. In order to generate profits, the treadmill relies heavily on energy-intensive, capital-intensive technologies, which allows it to economize on labor inputs. Yet increased throughput and more substitution of energy and machines for labor mean a more rapid depletion of high quality energy sources and other natural resources, and a larger amount of wastes dumped into the environment. It is unlikely therefore that the world could sustain many more doublings of

> industrial output under the present system without experiencing a complete ecological catastrophe (Ibid, 45-46).

Given the expansionary imperatives inherent in the capitalist mode of production versus the finite nature of the physical bio-sphere, it is difficult not to agree with the Dean of Environmental Studies at Yale, James Gustave Speth, who concludes that "capitalism as we now know it today is incapable of sustaining the environment" (2008, 63).

However, CSR is not without answers to this dilemma. As has been discussed, corporate environmentalism believes that it can sustain comparable levels of growth while also providing for the environment. Much of this belief hinges upon the idea that corporate environmental initiatives – such as eco-efficiency strategies – can effectively "decouple" the economy from the expansion of biophysical throughput. This is often encapsulated in the mantra that we "can grow qualitatively rather than quantitatively" (Holliday & Pepper, 2001, 3). Accordingly, these strategies purport to be able to develop more efficient production technologies that reduce material and energy flows, while also advocating for more knowledge-based and information-oriented economies that are thought to weigh "lighter on the earth" (Schmidheiny, 1992; Stigson, 2000; Holliday, Schmidheiny & Watts, 2002). Indeed, the WBCSD considers eco-efficiency to be the primary "corporate response to the goal of sustainable development" (Cited in Huesemann, 2003, 23). Furthermore, the popularity of such ideas are not limited to industry alone, as the concept of eco-efficiency has been adopted by such austere bodies as the U.S. President's Council on Sustainable Development, the OECD's Committee on Sustainable Development, the Canadian National Roundtable on the Environment and the Economy and the European Commission, all believing it to be an effective means to de-link their own respective economies from increased material and energy use (WBCSD, 2000; Korhonen, 2008).

As was discussed in the literature review, eco-efficiency can be viewed as part of the wider project of ecological modernization that posits the idea that environmental degradation can be surmounted through intensified processes of modernization, such as increased industrialization, technological development and economic growth – a “greening of capitalism from within” (York & Rosa, 2003, 274).[193] The WBCSD argues that through eco-efficiency, “the economy, together with quality of life, will continue to grow while the use of resources and pollution will go down,” pronouncing “we are confident that we will arrive at more eco-efficient performance by business, a growing world economy and a more sustainable future for the planet” (2000, 28).

The idea that increased efficiencies can reduce material and energy throughput has its basis in the historic performance of the advanced industrial economies. Certainly, as economies develop, they do achieve greater efficiencies in their use of resources and have – to a certain extent – decoupled economic growth from the intensity of material and energy throughput (York & Rosa, 2003; Carolan, 2004; Speth, 2008).[194] Thus, in the period from 1975 to 1996, the United States improved the carbon efficiency of its economy (economic output, measured in terms of gross domestic product, per metric ton) by 34 percent. Similar efficiency gains over the same period were realized in the Netherlands (30%), Japan (64%) and Austria (50%). However, despite these efficiency gains, total carbon emissions and emissions per capita actually *increased* dramatically in all these countries over the same period (Clark and Rosa, 2005, 412).[195]

This example reveals a central dilemma in the entire eco-efficiency-dematerialization debate, which is that efficiency gains must outpace economic growth if they are to have any discernable effect on the total environmental impact of an economy (Huesemann, 2003; Carolan, 2004). To date, despite recording efficiency gains, *no* economy has been able to translate these gains into total reductions in material and energy throughput because they have been continuously offset by the growth of the overall economy. Indeed, evidence of this trend abounds in studies of the materials and energy intensity of the advanced industrial economies. Paul Ehrlich’s twenty year study

[193] Indeed, sometimes the terms ‘ecological modernization’ and ‘eco-efficiency’ are used interchangeably in the scholarly literature (For example, see Eckersley, 2004, 70-79), while Welford describes eco-efficiency as the “flagship tool” of ecological modernization (Cited in Korhonen, 2008, 1332).

[194] This trend is often supported by appeal to the environmental “Kuznet’s Curve,” which hypothesizes that environmental pollution increases during initial stages of economic development but declines once higher levels of per capita income are achieved. However, the hypothesis has been unable to find much empirical evidence supporting its claim, with some suggesting that the hypothesis is not supported by *any* environmental indicator (See Speth, 2008, 56-57).

[195] From 1975 to 1996 total U.S. emissions grew by 29.7%, while per capita emissions increased by 5.7%. For the Netherlands, total emissions increased by 24.3%, with a per capita increase of 9.1%. In Japan, total emissions were up 25.9%, with per capita growth of 12%. Lastly, Austria experienced a total growth of 11.6% and a per capita increase of 4.9% (See Clark & Rosa, 2005, 411-412).

of the U.S., Japan, Germany and the Netherlands found that total material use increased by 30 percent between 1975 to 1995, despite the fact that the materials use intensity (materials used per GDP) decreased approximately 30% during the same time period (Cited in Huesemann, 2003, 30). A 2000 report of five major European and American research centres reached similar conclusions:

> Industrial economies are becoming more efficient in their use of materials, but waste generation continues to increase…Even as decoupling between economic growth and resource throughput occurred on a per capita and per unit GDP basis, overall resource use and waste flows into the environment continued to grow. We found no evidence of an absolute reduction in resource throughput. One half to three quarters of annual resource inputs to industrial economies are returned to the environment as wastes within a year (Cited in Speth, 2008, 56).

York and Rosa's 2003 study of eco-efficiency claims echoes the above. These authors likewise conclude that ecological modernization theorists "need to be much more precise in the specification of their argument that ecological modernization reduces energy and resource consumption, because, although in some cases the resource or energy use per unit of production decreases in modernized nations, total resource and energy consumption typically increase in such nations" (2003, 281). As Carolan cautions, we must be careful, not to "conflate efficiency with sustainability. While increases in eco-efficiencies are clearly a step in the right direction, they need not represent, in themselves, a reduction in total "additions" to, or "withdrawals" from, the larger ecosystem—particularly when placed within the context of a growing industrial subsystem" (2004, 252).

The potential for efficiency gains to be negated by expanded production is known within economics as the "Jevons Paradox," after British neo-classical economist William Stanley Jevons (1835-1882). Jevons particular contribution to ecological economics was his observation that increased efficiencies in the use of coal led to increased consumption of the resource rather than the reverse. As Jevons explained:

> It is the very economy of its [coal] use which leads to its extensive consumption…. Nor is it difficult to see how this paradox arises…. If the quantity of coal used in a blast-furnace, for instance, be diminished in comparison with the yield, the profits of the trade will increase, new capital will be attracted, the price of pig-iron will fall, but the demand for it increase; and eventually the greater

> number of furnaces will more than make up for the diminished consumption of each (Cited in Foster, 2000, n.p).

As Jevons anticipates, efficiencies lower production costs, as use of the resource becomes more cost-effective and desirable to producers, usually resulting in higher profits and the attraction of more capital. We are thus back to the circuit of capital, as these newly realized profits are thereby funneled back into the process of increased production and expansion in order to realize still more profits. York and Rosa make this point explicit:

> Due to the profit motive, producers have an incentive to continually expand production. In the logic of this system…gains in efficiency lead to greater profits, due to lower costs per unit of production. These profits are typically invested into expanding production further to generate yet more profit. In such a system, efficiency leads, perversely, to expanded production and therefore greater resource consumption (2003, 280).[196]

Thus, efficiency realization actually *facilitates* the process of capital accumulation, thereby driving further growth and expansion. Indeed, technological innovation has always furthered the growth dynamic inherent within capitalism. As Kovel observes, technological innovation under capitalism has been the *sine qua non* of growth, because it "cheapens the cost of labour, indispensable to surplus value extraction; the more technology, roughly speaking, the more growth under a capitalist regime" (2002, 157). Huesemann concurs, arguing that technologically inspired growth has been a persistent feature of capitalism throughout its history. As Huesemann states, "historical evidence indicates that technological innovation has never been used to stabilize the size of an economy; in fact, technology's main role has always been exactly the opposite, namely the enhancement of industrial productivity, consumption and economic growth" (2003, 30).

The central problem with the arguments made by the likes of the WBCSD is that they attempt to abstract technological innovations from the fundamental social relations within a capitalist mode of production that facilitate and drive economic expansion. As Marx cautioned, "capitalism prevents the truly rational application of new science and technologies because they are simply used to expand the operations of capital" (Clark &

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[196] Efficiencies can also increase rates of consumption as the unit price for a product falls, making it more desirable for consumers, facilitating further expansion of production (See Carolan, 2004).

Rosa, 2005, 412). Given the reality of production expansion continuously outstripping efficiency gains, Rees and Wackernagel argue that it will be necessary to "tax away" efficiency gains, or otherwise remove them from economic circulation altogether in order to prevent such gains from being overcome by economic expansion (1997, 20). However, this removes the primary impetus of the business case for CSR; that such developments can be environmentally friendly *and* conducive to profit maximization – the much touted "win-win" scenario. It seems difficult to imagine industry seeking out efficiency gains only to have the "rewards" of these gains subsequently appropriated. While the state could impose such a restriction on business, this would not only reduce the desire to make the required investments in such developments, but such an intervention would be anathema to the voluntary ethos of corporate environmentalism specifically and CSR more generally that business has so vehemently propagated over the past few decades.

The WBCSD often makes the argument that we have yet to fully realize the level of efficiencies that could potentially be achieved by industry (WBCSD, 2000; Holliday, Scmidheiny & Watts, 2002). However, as the above demonstrates, no matter what the efficiency gain, the profit imperative will demand that these gains be used to further expansion in the pursuit of still more profits, thereby further increasing the degradation of the environment. This only reinforces the argument that the current ecological crisis is actually a crisis of capitalist social relations and not amenable to mere technological fixes that leave those central relations unchallenged.

Lastly, given that many advocates of eco-efficiency argue that efficiency gains must approach a factor of ten (resource consumption and environmental load per unit produced of a commodity or service reduced to one-tenth of current totals) to ensure sustainability, the above realities do not bode well for efficiency as the proposed panacea for environmental degradation (See Holliday, Schmidhieny & Watts, 2002; Naess, 2006). Even the current short-term target of a factor four reduction (doubling growth while halving consumption) appears unattainable given the penchant for efficiency gains to be out-stripped by economic expansion. Indeed, the Dutch industrial ecologist Reijnders wryly notes that the idea of a factor ten reduction is based on "a remarkable technological optimism" (Cited in Huesemann, 2003, 29).[197]

While eco-efficiency can reduce the rate of material and energy throughput, it appears incapable of making the reductions required to approach true sustainability. Thus, while we should not forgo the search for efficiencies, by itself it simply cannot deliver the type of sustainable society that its proponents promise. However, while dematerialization of the economy through technological efficiency appears bankrupt as a means to ensure both economic growth and the protection of the environment, what about the notion that the advanced industrialized economies are moving towards a more information and knowledge-based economy that will 'weigh lighter' on the earth?

To answer this question, it must first be stated that the above-cited studies regarding the continual expansion of material and energy throughput demonstrates that it does not appear that the shift from manufacturing to knowledge and information-based industries has substantially reduced the environmental impact of the advanced industrial economies. Indeed, in its most recent study of the material throughputs of five advanced industrial economies, the World Resources Institute's (WRI) conclusions confirm this. According to the report:

> Total quantities of conventional wastes, emissions, and discharges in the five study countries increased by between 16 percent and 29 percent…Despite the rapid rise of e-commerce and the shift over several decades from heavy industries to knowledge-based and service industries, *there is no evidence of an absolute reduction in resource throughput in any of the countries studied.* One half to three quarters of annual resource inputs to industrial economies are returned to the environment as wastes within a year (WRI, 2000, 2, my emphasis).

This should not be a surprising result if we actually consider how the so-called "information economy" is tied to the processes of globalization and the degree to which it is ultimately grounded in the material world. There are two compelling reasons to be skeptical of dematerialization claims based on a supposed transition to a "weightless economy." First is the fact that the developed world has – through the processes of

[197] Moreover, once the more easily captured efficiency gains are realized (what are sometimes referred to as "low-hanging fruit"), greater efficiencies may become more difficult and cost-prohibitive to realize, making the types of reductions required even further problematic. Note that this is also true of recycling, as attempts to recycle one hundred percent of a material will increasingly require greater amounts of energy until it becomes economically unviable (See Buell, 2003, 52; Huesemann, 2003, 22-24).

capitalist globalization – tended to outsource their more pollution-intensive industries to the developing world, particularly in manufacturing. Indeed, this is also true of the developed world's waste – as the global south has become a virtual "dumping ground" for some of the more toxic emissions of the first world.[198] Moreover, many developed nations have increased their imports of natural resources from the developing world, thereby diminishing the environmental impact associated with extractive industries in their own respective countries, while facilitating its expansion in the global south (Muradian & Martinez-Alier, 2001; Schutz, Moll & Bringezu, 2003; York & Rosa, 2003).

This transfer of ecological burdens from north to south can give the appearance of a cleaner, and more environmentally friendly economy, but in reality the material and waste flows have merely been re-located. This phenomenon has been dubbed the "Netherlands Fallacy," which refers to the error of assuming that national environmental impacts are contained solely within national borders. As the case of the Netherlands demonstrates, a wealthy and densely populated country can exhibit a relatively clean environment despite high consumption rates due to its reliance on imported natural resources and the export of waste, which has allowed the Dutch to externalize their environmental impact onto other countries (York & Rosa, 2003; York, Rosa & Dietz, 2005). Therefore, as York and Rosa argue, demonstrating that "environmental conditions are improving within a nation (or within specific industries or organizations) is insufficient for establishing the existence of genuine progress toward sustainability" as these improvements may be contributing to declines elsewhere (2003, 279). In this regard, the developed world's response to environmental degradation recalls Engels' observation of how the English bourgeoisie confront issues of urban poverty – to "move them around" and "render them invisible" (Cited in Harvey, 1994, 408). Certainly, the strategy of developed countries off-loading environmental ills onto the less-developed

[198] For instance, studies by the Basel Action Network, Silicon Valley Toxicity Coalition, Greenpeace and Toxic Links have documented large-scale exports of electronic waste materials to Africa, India and China due to the low-cost of labour and lack of effective regulation (Osibanjo & Nnorom, 2007, 494). Although officially designated for recycling, much of this material is economically unsalvageable and is ultimately destined for landfills and incineration, where much of the toxic elements internal to these components are subsequently released into the local environment. This transfer of waste to the poor has been deemed by some commentators to be a form of "toxic colonialism" (See Beder, 2006b, Pellow, 2007).

world while proudly proclaiming their environmental stewardship appears to validate Engels' insight, albeit on a grander scale.

The second complaint that can be raised against the "weightless economy" thesis is that it fails to appreciate the real ties that information and knowledge-based industries have to the physical world. While these industries might be considered "lighter" relative to heavy industry and manufacturing, to claim that they are "weightless' is something of an exaggeration. Much of the enthusiasm for dematerialization through knowledge and information-based industries results from the dramatic advancements and miniaturization in electronics and communications technologies (Perelman, 2003; Naess, 2006). Indeed, as Naess observes, the microchip is often considered an exemplar of the weightless economy, as both its "economic value and its user-value are high, whereas the weight of the product is minimal"(2006, 205). However, to consider the microchip and other attendant micro-technologies environmentally benign due to their size would be a mistake. As Perelman documents, "the production of the materials that make up the weightless economy consume huge complexes of material resources" (2003, 114). Perelman continues:

> Consider the omnipresent computer chip. A typical 2-gram silicon chip requires 1.6 kilograms of fossil fuel, 72 grams of chemicals and 32 kilograms of water. Some of the chemicals, such as solvents called polychlorinated biphenyls (PCBs), are toxic (2006, 114).

Other electronic components involve an equally surprising amount of physical and chemical material to produce. The average desktop computer with monitor requires at least ten times its weight in fossil fuels and chemicals to manufacture, making it more material intensive than automobiles or refrigerators (Pellow, 2007, 189).[199] But electronic waste is not only a problem of material quantity, but also its lethal toxicity. Electronic components consist of a complex mixture of material and chemical substances, all of which pose serious occupational and environmental health threats (Perelman, 2003; UNEP, 2005; Pellow, 2007).[200] Moreover, given the speed at which many of these

[199] According to the UNEP, the manufacture of a computer and its screen requires 530Ibs of fossil fuels, 48Ibs of chemicals, and 1.5 tons of fresh water – "more than the weight of a rhinoceros or a car" (UNEP, 2005, 4).
[200] These components usually contain lead, mercury, cadmium, polyvinyl chloride plastics (PVCs), hexavalent chromium, and fire retardants like polybrominated biphenyls (PBBs).

devices are rendered obsolete or incompatible with the introduction of even newer technologies, these products are rarely in use for more than a few years before being discarded (Rogers, 2005; UNEP, 2005; Pellow, 2007).[201] European studies estimate that the volume of electronic waste is increasing "by 3 to 5 percent per year, which is almost three times faster than the municipal waste stream is growing generally" (Cited in Pellow, 2007, 187). Indeed, the UNEP estimates that some "20 to 50 million metric tons" of electronic waste are generated worldwide every year as a result of the growing demand for computers, cell-phones, televisions, radios and other consumer electronics (UNEP, 2005, 1).

From the above evidence, it becomes difficult to sustain the argument that knowledge and information intensive industries – which rely to such a large degree on high technology – are significantly reducing the environmental impact of economic activity. For all the rhetoric of the "weightless economy," current economic activity still relies on an enormous and intricate material infrastructure to provide the materials, chemicals and energy required to produce these products. To further confirm the paucity of this argument, one major review of dematerialization studies in the United States reaches the following unequivocal conclusion:

> There is no compelling macroeconomic evidence that the U.S. economy is 'decoupled' from material inputs, and we know even less about the net environmental effects of many changes in materials use. We caution against gross generalizations about materials use, particularly the 'gut' feeling that technical change, substitution, and a shift to the information age inexorably lead to decreased materials intensity and reduced environmental impact (Cited in Speth, 2008, 56).

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Despite the corporate enthusiasm for technologically driven environmental solutions, the above demonstrates that barring some truly revolutionary development, technology by itself cannot hope to overcome the powerful expansionary logic of the capitalist mode of production. Moreover, given this reality, the optimism and faith displayed by corporate leaders in technology as panacea could very well distract from other, possibly more effective ways of addressing environmental concerns.

[201] For example, as Rogers observes, the current industry projected lifespan for a personal computer is about two years (2005, 202). However the prize for the most rapid obsolescence goes to the cell-phone, which while designed to last up to five years, is usually discarded after only eighteen months of use (See Slade, 2006, 261).

The technological assumptions underpinning much of the environmental claims of CSR, as with the other foundational assumptions so far outlined, appear incapable of delivering the sustainable future their corporate advocates promise. Indeed, the evidence appears to belie virtually every economic and environmental assumption that attempts to buttress the corporate environmental argument. This is not to suggest that these ideas are entirely bereft of substance. Certain initiatives such as pollution taxes, the removal of certain energy subsidies and eco-efficiency strategies could ameliorate environmental impacts to a limited degree. However as has been argued, the fundamental motive source of environmental degradation in the current conjuncture is the capitalist economic system itself, and while some corporate strategies may delay the more pernicious effects of environmental decay, they most certainly cannot affect the reversal that proponents like the WBCSD claim. Moreover, we have seen that many of the proposals offered under the rubric of CSR-inspired environmentalism are also deleterious to the democratic project, as they tend to remove public goods from the realm of democratic contestation and into the sphere of unaccountable private economic actors. Therefore, the implementation of these proposals, coupled with the lack of democratic input that already characterize much of the private governance regimes of CSR, would only further remove issues of environmental concern from democratic deliberation.

However, this should not suggest that corporate environmentalism is merely a misguided attempt by the more progressive wing of the corporate community to address the ecological crisis. As has been argued throughout this study, the motive force of CSR has been to prevent democratic encroachments into the private sphere of business. Moreover, it has also been used as a means to gain power over areas of governance traditionally associated with the state, while legitimizing corporate inroads into what were once considered public goods. Certainly, as has been documented, the environmental component of CSR has been used to deflect regulatory threats, marginalize corporate critics and promote an environmentalism that is consonant with corporate interests. Therefore, as the above suggests, corporate environmentalism should not be viewed as merely a defensive strategy, but also an attempt to further access into domains that have so far resisted the neoliberal push for greater commodification. In order to elaborate on this point, it is imperative that we further consider the ecological contradictions of capitalism and the ideological and political service that CSR and corporate environmentalism provide to address them.

In perhaps the most significant Marxist contribution to the theory of political ecology, James O'Connor's "second contradiction of capitalism" thesis allowed for a decisive Marxist intervention into the understanding of ecological crisis. According to O'Connor, contemporary capitalism is actually plagued by *two* crisis tendencies. The first contradiction of capitalism ('realization' or 'demand' crisis) as outlined in traditional Marxist theory emphasizes the contradiction between social production and private accumulation. The first contradiction, "expresses capital's social and political power over labor, and also capitalism's inherent tendency toward a realization crisis, or crisis of capital over-production. It finds its expression in the limitless drive to increase the rate of exploitation" (Foster, 1992, 17). This tendency arises when individual capitals endeavor to "defend or restore profits by increasing labor productivity, speeding up work, cutting wages, and using other time-honored ways of getting more production from fewer workers" (O'Connor, 1994b, 160). However, while such strategies can bolster profitability in the short-term, pursued collectively it has the unintended effect of reducing the final demand for consumer commodities as stagnant workers' wages prove insufficient to enable them to purchase the growing output of their labour. While demand can be buoyed through various means such as the increased availability of cheap consumer credit, the current financial crisis is a stark reminder of the limits of such a strategy, as it "merely displaces the contradictions in time" (McNally, 1999, n.p).

However, in addition to this crisis tendency, James O'Connor posits that contemporary capitalism also displays a second contradiction, or "cost-side" crisis.[202] This crisis tendency can originate in two ways. The first is when individual capitals "defend or restore profits by strategies that degrade or fail to maintain over time the material conditions of their own production," such as neglecting infrastructure and work

[202] It should be noted that certain Marxist scholars believe that the two contradictions should not be viewed as separate, but as different manifestations of the same crisis tendency generated by what Burkett calls the "real, fundamental contradiction of capitalism," which is "the alienation of the conditions of production vis-à-vis workers and communities." According to Burkett, O'Connor's two contradictions are both "symptoms of this more basic contradiction" (See Burkett, 1999, n.p).

conditions, degrading soils, poisoning water bodies, etc (O'Connor, 1994b, 162).[203] Such strategies – such as the externalizing of waste emissions, or neglecting worker health and safety – if sufficiently generalized, can result in the diminishing output of production factors like labour and 'land' (Pepper, 1998). This contradiction has the potential to create a "supply" problem for capital through the depletion of natural and human resources and through the degradation of environmental services required to support commodity production (O'Connor, 1994a, 126).[204] Thus, O'Connor suggests that "limits to growth" do not initially manifest as actual shortages of labour power, raw materials, clean air and water, urban infrastructure and the like, but rather as "high cost labour power, resources, infrastructure and space" (O'Connor, 1994b, 163). Thus, the costs borne by the environment due to economic activity "rebound on the economic realm in multiple unforeseen ways, reflecting what Engels called 'the revenge' of nature that follows every human conquest over nature" (Foster, 1992, 18). Therefore, as with the first contradiction, capital's attempts to restore or heighten profitability through the displacement of costs onto both the natural and human environment have the potential adverse effect of undermining profitability in the long run.

The second manner through which a cost-side crisis can occur is when social movements demand that capital provide for the maintenance and restoration of the above-mentioned conditions of life/production. As O'Connor states:

> Here we are talking about the potentially damaging economic effects to capitalist interests of labor movements, women's movements, environmental movements, and urban movements. This problem of "extra costs"—and their threat to profitability—obsesses mainstream economists and capitalist ideologists (1994b,

[203] Following Marx, O'Connor considers the "conditions of production" as "things that are not produced as commodities…but which are treated as if they are commodities" This would include human labour power, or what Marx called the "personal conditions of production;" the environment, or what Marx called "natural or external conditions of production;" and urban infrastructure, or what Marx called "general, communal conditions of production" (O'Connor, 1994b, 163).

[204] While it is true that resource scarcity and sink despoliation have been "localized" to a certain degree through the footloose nature of global capitalist production and the achievement of certain production efficiencies, I contend that the extent and scope of the current global ecological crisis may effectively "cut off" this escape route in the future (See Foster, 2002b for a discussion of this idea). Indeed, the most recent *Living Planet Report 2008* compiled by the Global Footprint Network, WWF and the Zoological Society of London notes that humanity is currently consuming the resources that underpin the earth's environmental services at a far greater rate than they can be replenished. The Report concludes that our current ecological footprint exceeds the capacity of the earth to regenerate by about 30 percent, noting that if current trends continue, by 2030, we will need the equivalent of two earths to maintain current levels of production and consumption (See WWF, 2008, 1-2).

164).

Although O'Connor separates the two events, it is evident how they are linked. Indeed O'Connor obviously owes a theoretical debt to Polanyi here, as his notion of the capitalist degradation of the conditions of production calling forth resistance from society parallels Polanyi's concept of the "double movement."

Nevertheless, O'Connor's insights into the ecological contradictions of capitalism can shed new light on the strategic utility of CSR to corporate interests. This is most apparent in the latter instance, as CSR can act as a means to 'stall' the regulatory impulse of social movements and prevent – or at least mitigate – democratic pressures to force business to internalize the "extra costs" that O'Connor points to. Certainly, the ability of CSR to convince governments and publics alike that corporations are engaging in progressive environmental practice aids in this endeavor. Moreover, we have already discussed the potential of CSR to co-opt the more moderate elements of the environmental movement while marginalizing and isolating more trenchant corporate critics. Such actions have allowed corporations to steer environmental policy into avenues more amenable to their interests.

How CSR aids in the first instance is less obvious. As we have seen, the environmental component of CSR so far appears wholly inadequate as a means to prevent the deterioration of the natural "conditions of production" that O'Connor speaks of, and as I have argued, appears ill suited to restore them anytime in the future. However, it is not so much a question of CSR and its attendant corporate environmentalist solutions necessarily preserving or restoring these conditions of production – although this would be preferred – but rather *securing* privileged access to them.

As O'Connor suggests, and this study has documented, the problem of "extra costs" and their threat to profitability – whether under the guise of increased regulation, more progressive taxation, increased trade union power, etc – has most certainly been a key concern of business throughout the last century. However, here we reach an apparent contradiction. While O'Connor argues that the *leitmotif* of corporate capital has been to externalize their "extra costs" onto the wider society; as with the CSR movement more generally, the WBCSD and other like-minded corporate groups represent a coalition of some of the most powerful corporations in the world calling for the voluntary *internalization* of certain environmental costs. As was originally argued, while this strategy may approximate a form of rent-seeking to secure competitive advantage, it also may serve another more far-sighted end that could further advance the interests of corporate power.

CSR and the Capitalization of Nature as Accumulation Strategy

Corporate proposals to internalize environmental costs through the "pricing" and/or "commodification" of nature, as through the strategies previously discussed, can be viewed as an attempt to bring about what political ecologist Martin O'Connor calls the "capitalization of nature." According to O'Connor, "capitalization" refers to:

> The representation of the biophysical milieu (nature) and of nonindustrialized economies and the human domestic sphere (human nature) as reservoirs of 'capital' and the codification of these stocks as property tradable in the marketplace – saleable at a price that signifies the value (utility) of the goods and services flows as inputs to commodity production and in consumption (O'Connor, 1994a, 126).

As we have seen, one of the primary goals of corporate environmentalism is to enact a framework of property rights over elements of the environment that can facilitate this "capitalization of nature."[205] According to O'Connor, this "capitalization of nature" is a response within capitalism to the second contradiction, including the ostensible supply problem of depletion of natural resources and the degradation of environmental services required to support commodity production *and* to the resistance that such ecological degradation inevitably encounters (Ibid, 126).

While many individual capitalist enterprises might prefer to continue to treat nature as an infinite resource tap and waste sink, O'Connor argues that given the degree of the current ecological crisis and the level of environmental consciousness that has arisen in response, this is becoming increasingly untenable. Capital thereby needs to secure access to key resources and waste sinks – the requisite conditions for its own (re)production – while also legitimating this access in terms that do not activate

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[205] The insistence of certain proponents of CSR to label natural resources and environmental services as "natural capital" only furthers this representation (For instance, see Hawkins, Lovins & Lovins, 2006).

widespread resistance. O'Connor argues that through the "stratagem of capitalization," capital can ensure and legitimate access to these contested resources.[206] In line with my own argument regarding the practicality of business internalizing the majority of environmental costs, O'Connor is also skeptical that *total* capitalization is possible or even desirable for capital, rather he views its utility in its operation at the "ideological or *social imaginary* level" (Ibid, 137). As I understand O'Connor's argument, representing nature as a stock of capital through its valuation as property allows nature to be inserted within the logic of capitalism itself, thereby justifying its rational and ecological management by private economic actors. While O'Connor does not dwell on how this ideological shift is achieved, it appears to me that it relies heavily on the hegemonic power attached to the ideology of property rights. As O'Connor briefly notes, the recognition of "value" and of "ownership" which the capitalization process entails may be viewed as a form of belated protection for nature (Ibid, 132). Indeed, I have already pointed to the persistent – if historically inaccurate – notion that private ownership facilitates the soundest environmental stewardship, though it seems that this is how O'Connor believes the capitalization process can legitimize itself in the eyes of wider society. Certainly, the ideology of property enjoys a powerful and relatively uncontested status in most advanced liberal democracies. As Debra Davidson argues,

> One of the most effective sources of legitimation for privileged access to the environment and its natural resources comes in the form of hegemonic ideologies, such as private property ownership. The concentration of ownership and control over resources is rarely contested, because to question the rights of an industrial actor's property rights would be to question the ideological premise that private property ownership offers the opportunity for improved societal well-being and progress (2007, 104).

As Davidson continues, the ideology of private property – particularly in the Anglo-American context – has historically mediated relationships between society and the bio-physical world, allowing for a legitimate avenue for environmental degradation based on the Lockean-inspired right of owners to extract surplus value from their property coupled

[206] Neil Smith advances this theory even further, arguing that the commodification of nature "all the way down" to the biological level involves the effort to bypass the externality of nature altogether. Rather than remaining dependent upon nature to reproduce the required conditions of production, Smith suggests that the "fantasy" of bio-technology is the ability to produce a reusable nature within the confines of the laboratory (2006, 26).

with their perceived right to its unlimited disposal (Ibid, 121-122; Also see Leeson, 1979; Mansfield, 2007).[207] Moreover, with such ingrained notions of home, family, independence and protection so firmly attached to the ideal of private property, it is not difficult to see the ideological utility of attempting to transfer these beliefs onto previously non-commodified elements of nature as a means to promote the capitalization of nature as a mode of environmental protection.

However, notions of extending property rights over nature can also provoke resistance insofar as "private ownership" over certain elements of life is deemed morally repugnant. Certainly, O'Connor emphasizes that public acceptance of the idea of the capitalization of nature as a means to protect the environment is not guaranteed. As O'Connor wryly states, the "political legitimation of capital depends on getting people to believe in the capitalization process as a defense *against* the predations of capital" (1994a, 145, my emphasis). Key to this process is the enlistment of communities and social movements to legitimate the process by recruiting them as partners in the "stewardship" of these newly designated stocks of natural capital (Ibid, 126). While O'Connor never speaks directly about the role of CSR in this process, it is easy to see how the techniques of stakeholder dialogue, partnership and co-option that have been documented would prove invaluable in this effort. Certainly, we have seen how the embrace of corporate environmentalism by mainstream environmental organizations have assisted in the overall acceptance of these policies – including the notion of extending property rights over nature – as the most rational means with which to address the current ecological crisis. In addition, the ability of CSR to cloak corporate inroads into previously public domains in a benevolent guise could prove equally effective as a means to defuse potential resistance and convince communities to accept the protection of their own respective natural commons through the process of capitalization.[208]

Lastly, by representing nature as internal to capitalism itself, it becomes easier to

[207] A useful example in this regard is the extension of tradable property rights to pollution. While previously, companies that emitted certain restricted pollutants over a certain level would face recriminations and penalties, the ability to purchase the "right to pollute" as it were, removes the moral stigma attached to polluting. By paying a fee for the right to pollute it makes pollution just another cost of doing business, like wages, benefits, and rent. (See Sandel, 1997).
[208] As Mansfield observes, property can also "create" owners, making them "rational, profit-seeking market subjects." Extending property rights over previously non-commodified areas in partnership with local communities could serve to ease resistance by creating these new forms of subjectivity (2007, 396).

promote business as the most responsible and effective steward of the environment – a position that business has openly and publicly lobbied for through its purported demonstration of social and environmental responsibility. As O'Connor observes, "by this ideological movement, the erstwhile exterior domain (of "nature") is redefined as an element of valuable capital, present within the productive system, and itself to be *rationally managed* as a productive enterprise" (Ibid, 129). Similarly, Escobar suggests that the notion that nature and the earth can be effectively 'managed' is "a historically novel assertion;" that requires, like the earlier scientific management of labour, its "capitalization, its treatment as commodity" (1996, 328). For if nature is just one more element of capital, who better to manage these newly created "assets" than business?

While this would most certainly submit even more of nature to the brutal market calculus previously discussed, it also serves to frame nature within the confines of a strict accounting logic that clearly favours business as the most capable and competent steward of the environment. Moreover, as Levy (1997) argues, the extension of a technocratic and managerial rationality over the environment can facilitate a form of discursive closure that can further inhibit public discussion by marginalizing or excluding alternative ways of viewing and understanding nature. Finally, as with other elements of corporate environmentalism, this position also trades on the hegemonic discourse of productivism, which views the rational calculation and control of nature as a key measure of human progress (Smith, 1998; Banerjee, 2003). The acceptance of such representations would seem to only further entrench the corporate vision as the "master discourse" on issues of environmental concern while further circumscribing avenues for genuine democratic participation in these decisions.

Thus, Martin O'Connor views the intensifying capitalization of nature – through the various corporate environmentalist strategies outlined – as a means to overcome the second contradiction of capitalism by rendering nature – both materially and ideologically – internal to the logic of capital itself. While in agreement with O'Connor that the capitalization of nature typifies the corporate response to ecological crisis, I would further submit that CSR and its environmental component provide an essential ideological service in addressing these ecological contradictions of capitalism. CSR proves its utility in its ability to assist on both sides of the cost-side crisis, not only by advancing corporate economic interests through its promotion of the capitalization and commodification of nature as the best means to "rescue" the natural world from the predations of capital, but also through its ability to defuse resistance to these policies by co-opting challenge and stalling the protective impulse of the Polanyian double movement.

The idea of "capitalizing nature" perhaps represents the apogee of the eco-capitalist response to environmental crisis so far, though it still remains incomplete and in process. While it may prove futile as a defense against accelerating environmental decay, it nevertheless accords brilliantly with corporate priorities in a world that will be punctuated by aggressively competing social claims to the environment. The professed ability of the capitalization of nature to guarantee privileged access to nature as both 'tap' and 'sink' – the essential requirements for capitalist reproduction – under cover of its representation as a mode of environmental protection could grant the access to nature that capital requires without the resort to coercive force that inevitably exposes the naked class interest at work. Thus, capitalizing nature as a means to protect nature allows for corporate self-interest to continue to masquerade as the general interest, able to convince publics and governments of its worth while also enlisting compatible environmental groups as key sources of legitimacy and credibility. If successful, it certainly appears to possess the capabilities to re-assert corporate hegemony in the environmental realm, as it prioritizes corporate stewardship and management of the environment while resting on the foundations of private property and market exchange where corporate economic power can predominate.

While this strategy may prove to be the culmination of the corporate response to ecological crisis, my argument is that CSR has proven vital not only to this latest manifestation of corporate environmental strategy, but also to the almost two decades long effort to fashion this eco-capitalist response. Indeed, I contend that the most fruitful way to understand the utility of CSR and its environmental component to corporate interests within our current conjuncture is to situate its development within the context of the gradual recognition of ecological crisis by the more far-sighted of corporate leaders from Rio onwards. By taking this longer view, I believe we can better appreciate how CSR has secured the necessary political and ideological conditions required by leading elements of industry to devise and implement the eco-capitalist response from the position of weakness that it found itself in after the abject failure of the politics of denial in the first half of the 1990s.

As was argued in the previous chapters, the initial corporate response to popular concern over industry's impact on the environment was one of delay, denial and deceit. As this position became increasingly untenable in the face of mounting physical and scientific evidence coupled with growing popular anxiety, the corporate stance appeared increasingly anachronistic: A futile attempt to "refute the ever more irrefutable" as McKie and Galloway put it (2007, 368). However, if corporate tactics of delay and denial proved increasingly archaic, they also severely undermined the ability of corporate leaders to exercise the moral and intellectual leadership over the terms of environmental debate upon which the strength of corporate hegemony relies. Therefore, as we have witnessed, a cadre of the more environmentally 'enlightened' segments of capital sought to re-assert corporate hegemony in this arena by acknowledging the necessity of some measure of environmental protection, while still firmly committed to ensuring that any concessions made would accord with corporate interests and the imperative of capital accumulation.

However, in order to advance this eco-capitalist response from a position of such profound weakness required a certain degree of political space to develop and promote these initiatives while fending off the threat of an imposed external solution brought on by democratic pressure. CSR provided this 'political room for maneuver,' allowing corporations to develop and implement their own environmental initiatives through CSR's onus on voluntary self-regulation while also offering protection from state interference through its ability to cultivate the image of the responsible corporate steward capable of addressing its own environmental impact. As we have seen, the development of the corporate environmental vision has quickly ascended to the status of "master discourse," acting to set the parameters of what is – and what is not – considered a practicable response to the current ecological crisis. The ability of these leading elements of industry to so quickly re-capture a leadership position over the issue of the environment could not have occurred without the political and ideological cover that CSR provided during this initial period when corporate credibility on the environment was so precarious. CSR's ability to provide the conditions required for the creation and development of a sufficient eco-capitalist response, coupled with its capacity to enlist mainstream environmental groups in the service of corporate environmentalism have allowed the corporate sector to claim its title as the "major agent of change on the environment front" (Mitchell, 2002, A6).

CSR has promoted the corporate environmental project both materially and discursively. One axis of this effort has been the massive ideological work undertaken to advance CSR and corporate environmentalism as the best means with which to address ecological crisis, both by advancing business as a responsible environmental steward and through the enlistment of mainstream environmental organizations to legitimize the corporate environmentalist project. The other has been the introduction and implementation of these policies through the auspices of international forums like the Global Compact and the WSSD and at the national level through the CSR movement more generally. Through these twin processes, a sufficient eco-capitalist response *has* been fashioned that attempts to secure and advance corporate interests while also placating popular and governmental pressure for concrete environmental action.

While the ecological crisis initially represented a challenge to corporate hegemony, with the dominance of the corporate environmental vision within elite political and economic circles now firmly in place, capital can now turn to the promise of directing the politics of ecological crisis to its advantage.[209] In this regard, I think it is essential that we view the corporate response to ecological crisis as akin to how capital has historically responded to economic crisis. James O'Connor observes that while capitalism remains crisis-ridden, it is also crisis-dependent (1998, 182). Economic crisis does not portend imminent collapse; rather, it represents a necessary disciplinary mechanism that can allow capitalism to restructure its productive apparatus in order to restore profitability (Sweezy, 1970; O'Connor, 1998). While capitalism is familiar with cyclical economic crises, it appears less so with an ecological crisis that is a rather recent

[209] This should not suggest that the ascendance of corporate environmentalism has effectively quelled all dissent. As I mentioned, there is still the quite substantial challenge of the global justice movement and its pointed critique of corporate modes of sustainable development. However, the dominance of the corporate environmental vision has allowed corporations to move from the purely defensive posture of merely assuring concerned publics of their environmental credibility, to a more pro-active posture where desired corporate solutions can be advanced and implemented.

historical development. Yet, these initial corporate strategies to address the ecological crisis – both in the economic realm and the ideological sphere – appear to be the incipient moments of capitalist restructuring in the face of the political, economic and social consequences that may result due to accelerating ecological crisis. In effect, what first appeared as challenge has been transformed into renewed opportunity.

James O'Connor suggests that capital views the ecological crisis in terms completely reversed from that of people concerned with the health of the environment. O'Connor states that while most environmentalists seek to "remake *capital* in ways consistent with the sustainability of nature," corporations on the other hand seek to "remake *nature* in ways that are consistent with sustainable profitability and capital accumulation" (1998, 238, my emphasis). "Here we enter a world," O'Connor writes, "in which capital remakes nature and its products biologically and physically (and politically and ideologically) in its own image" (1994b, 158). Certainly, the strategies so far outlined conform with O'Connor's observation – as nature is rendered internal to both the economic and ideological logic of capital. Thus, these strategies to "remake nature" entail both economic and ideological reconfiguration in order to legitimize their eventual implementation to governments, publics and to the more recalcitrant fractions of capital. What I believe we are witnessing then, is both the incipient restructuring of capital and the re-organizing of consent around this eco-capitalist response.

As with economic crisis, capital has seized upon ecological crisis as an opportunity to restructure its relationship to the conditions of production in ways that serve to ensure greater access to nature as "both tap and sink" (O'Connor, 1998, 238). As O'Connor observes, however, the conditions of production not only constitute productive forces, but also productive relations. They are "produced and reproduced (or made accessible) within definite property, legal and social relationships" (1998, 148). As we have seen, one of the driving objectives of CSR and corporate environmentalism has been to reformulate these productive relationships through the conversion or creation of new modes of corporate governance and new private property regimes over elements of nature. Indeed, Mansfield suggests that property has become "the central mode of regulating multiple forms of nature. Efforts to create and impose new private property regimes are remaking ecosystems, livelihoods, and identities, creating…a massive transformation of the human–environment relationship" (2007, 393). The creation of these property regimes have required not only the legal and political frameworks with which to enact them, but also substantial ideological work – or what Scott Prudham calls "heavy discursive lifting" – in order to facilitate the acceptance of these new regimes as legitimate (2007, 418). Certainly, as has been argued, CSR and its environmental component has been at the forefront of these efforts to remake – both economically and ideologically – this relationship to nature.

Thus, these strategies to "remake nature," appear to have less to do with the ultimate protection of the environment, and more so with the protection of capital accumulation. As Kathleen McAfee succinctly puts it, the capitalization of nature represents "efforts by relatively far-sighted capitalist actors to overcome barriers to accumulation caused by toxic build-up, unstable climate, urban congestion, impaired worker health, degraded soil, as well as the dangers of the loss of biological diversity"– the "selling of nature" in order to save it, as McAfee writes (1999, 134). Indeed, in many respects the drive to secure access to previously non-commodified elements of nature through the creation of new private property regimes can be viewed as a strategy of accumulation through dispossession, the process by which previously non-commodified goods are appropriated – usually through the auspices of the state – and turned over to private capital (Harvey, 2005).[210] As Prudham explains:

> Viewed in this manner, attempts to privatize life forms as exclusive, alienable, and saleable property are critical junctures in the creation and augmentation of the capacity for capital, as value in motion, to circulate in and through biophysical nature, propelled by the value expanding tendencies of generalized and specifically capitalist commodity circulation (2007, 411).

We can therefore view the capitalization of nature not only as an attempt to secure access to the much needed conditions of production, but also as an attempt to "open up" new spaces for capital accumulation and profitability – a form of ecological "spatial fix" if

[210] Certainly, the actions of states in preparing the legal and political frameworks for this appropriation have been essential, whether though the enclosure of common lands, the creation of tradable emissions and pollution credits or through the patenting of biological and genetic material. Indeed, James O'Connor anticipates this, recognizing that access to the conditions of production are usually regulated either by the state, or by capital *acting as if they are the state*. (1998, 164, my emphasis). The latter part of the passage is important, because it acknowledges the degree to which capital has been assigned the role of governance over certain areas of regulatory policy that can allow capital privileged access to the key resources and ecological services they require.

you will (Smith, 2006).[211] Thus, through the capitalization of nature, efforts to "protect" nature invariably offer new opportunities for the more intensive exploitation of nature.

Viewed over the past two and a half decades, the development and trajectory of the corporate or "eco-capitalist" response to environmental crisis demonstrates a remarkable capacity for adaptation and transformation. At the beginning of the 1990s, the aims of environmental protection and the goals of business were still viewed as fundamentally irreconcilable, with industry considered the primary cause of much environmental despoliation. Certainly, the initial corporate reaction to growing ecological awareness and popular calls for increased environmental protection did little to address this lack of environmental credibility, relying as it did on campaigns of delay, denial and in some cases outright deceit. However, from this original defensive position, leading corporate elements have managed to incrementally re-assert their hegemony over the environmental debate, carefully selecting allies, discrediting opponents and fashioning environmental solutions that continue to prioritize corporate interests. The success of this response is illustrated by its ability to move corporations from an initially reactive position, concerned with fending off democratic encroachments and constraints on corporate operations; to a decidedly pro-active position tasked with laying the structural and ideological framework necessary to render the natural world more amenable to capital accumulation. From this view, it certainly appears that the processes of re-alignment, accommodation and co-option that have so characterized the eco-capitalist response has managed to successfully contain and manage environmental crisis to the point that crisis can now be invoked to *advance* corporate access and ownership over nature rather than restrict it.

However, despite the dominance of the corporate environmental vision in the current conjuncture and its capacity to – thus far – navigate the ecological contradictions of capitalism, these contradictions nevertheless remain. As has been argued, the environmental initiatives emblematic of CSR do not begin to address the exponential

[211] As Giovanni Arrighi explains, "temporal deferral and geographical expansion "fix" the over-accumulation crises that arise from the chronic tendency of capital to accumulate over and above what can be reinvested profitably in the production and exchange of commodities. As a result of this tendency, surpluses of capital and labor are left unutilized or underutilized" (2003, n.p.). The incorporation of new space – such as non-commodified elements of nature – into the system of accumulation allows for the absorption of this underutilized capital (See Arrighi, 2003).

growth imperative inherent to our economy and appear to offer little in the way of fundamentally ameliorating the environmental impact of industrial activity. In this sense, CSR and the environmental initiatives it puts forth should be considered an adaptive mechanism on the part of leading elements of capital to attempt to control and keep latent the ecological contradictions of capitalism. However, the above analysis also suggests that the ability to successfully manage these contradictions can only be considered limited and temporary, as none of the initiatives put forward address in any substantial way the fundamental structural contradictions driving ecological degradation. The expectation is that these contradictions cannot be reconciled by the palliatives offered through CSR and that crisis will inevitably resurface. If this is the case, we must ask how the present institutionalization of CSR and its environmental component will situate us to respond to a progressively worsening ecological crisis in the future. It is with these questions that I conclude this study.

Conclusions and Considerations for Further Research

Throughout this study, we have seen how corporations have attempted to strategically deploy the rhetoric of democracy, whether the original "shareholder democracy" of companies like AT&T, the conflation of democracy with "free enterprise" in early public relations campaigns, or the current emphasis on the supposed democratic character of corporate-stakeholder dialogues. However, rhetoric aside, corporations are not democracies. Indeed some would characterize them as essentially autocratic and authoritarian institutions insofar as they operate within a strict top-down hierarchy with little if any, public accountability (Bakan, 2004; Chomsky, 2002). Despite their embrace of the rhetoric of democracy, this study has attempted to document the enormous resources and organization deployed to inoculate corporate operations *from* democratic constraints. It should not be surprising then, that the forms of corporate governance and corporate environmentalism operating under the rubric of CSR leave very little room for democratic participation within its decision-making structures, corporate pronouncements to the contrary notwithstanding. As I have argued, reliance on pre-ordained stakeholder dialogues and free-market mechanisms as an avenue for public input into corporate decision-making are either disingenuous or based on an incredibly narrow and impoverished conception of democracy. Moreover, as the privatization and commodification of previously public goods are transferred into the private sphere, the scope for public participation on issues that directly affect them is further diminished. As these trends become more entrenched and the public is further removed from the exercise of power, the potential for more authoritarian currents to establish themselves becomes a real possibility. This is especially true in regards to the environment, particularly as ecological crisis accelerates with all its attendant political, economic and social consequences.

During the height of the first wave of environmental consciousness in the 1970s, one rather disturbing trend within environmental thought was the notion that liberal democracy was ill suited to regimenting society in the ways necessary to ensure ecological viability. The answer within this body of thought was to advocate for a militarized "Green Authoritarian" state, whether to exercise the requisite coercive power to force the domestic populace to adopt more environmentally sustainable behaviours and practices, or to prevail in the inevitable Hobbesian war of all against all over dwindling resources (Leeson, 1979; Eckersley, 2004).[212] Thankfully, these ideas passed as the need for a "Green Leviathan" faded in concert with concerns over resource scarcity. Yet, these ideas have slowly crept back into the main, if not in such stark terms as their predecessors. Much of this has been driven by intellectual attempts to re-define environmental concerns as national security issues. Much of this intellectual fervour was initiated by Robert Kaplan's (1994) *The Coming Anarchy* in which Kaplan posits a starkly dystopian future where environmental scarcities produce authoritarianism, failed states, mass migrations and overall political instability throughout the African continent.[213] Indeed, Kaplan's ideas have been embraced at the highest levels of power, with both Presidents' Clinton and Bush Jr. generally in agreement with Kaplan's thesis (Urban, 2001).[214] Kaplan's ideas – as with much of "environmental security" studies in general – are premised on a Neo-Malthusian view of the world that views over-population and the environmental practices of the world's poor as primarily responsible for ecological destruction, with all the attendant disciplinary forms of population and social control advocated as "solutions" (Hartmann, 2003; Urban, 2001).[215]

If these ideas were confined solely to the halls of academia we might have less cause for alarm, but they have increasingly influenced the American security establishment itself, even finding their way into the 1996 *National Security Strategy* which announced in its preface, "large-scale environmental degradation, exacerbated by rapid population growth, threatens to undermine political stability in many countries and regions" (Cited in Hartmann, 2003, n.p). In addition, environmental security concerns

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[212] These ideas were most famously put forward by a trio of authors in the 1970s; Garrett Hardin, Robert Heilbroner and William Ophuls (See Leeson, 1979, 311-314 for a detailed discussion).
[213] While more nuanced, these ideas have been further popularized in the academy by University of Toronto political scientist, Thomas Homer-Dixon (See Hartmann, 2003; Homer-Dixon, *et al*, 1993).
[214] According to *U.S. News & World Report*, "President Clinton was so impressed with Kaplan, he ordered an interagency study of these issues, and it agreed with Kaplan's conclusions." Similarly, George W. Bush requested personal briefings by Kaplan at the White House (Cited in FPRI, 2008, n.p).
[215] Indeed, Kaplan praises Malthus, arguing that, "in an era of global warming, Malthus may prove among the most-relevant philosophers of the Enlightenment." (See Kaplan, 2008, n.p).

have been incorporated into the highest levels of planning within the Department of Defense, Department of Energy, Central Intelligence Agency, and even NATO (Dabelko & Simmons, 1997). Even more revealing is a recent Pentagon report specifically designed to forecast the consequences of global environmental damage and the appropriate U.S. response. The leaked report, commissioned by influential Pentagon defence adviser Andrew Marshall, posits the political and economic consequences of catastrophic climate change for U.S. national security. The report anticipates a world plagued by resource scarcities – particularly energy, food and water – due to intensified weather patterns as the result of abrupt global warming (Schwartz & Randall, 2003, 14). It predicts widespread military conflicts between "resource-poor" nations, nuclear weapons proliferation as a means for defense and energy security, waves of "environmental refugees," and a general authoritarian response to the overall political instability wrought by environmental crisis. Indeed, the report envisions the creation of a "Fortress America" to protect precious national resources within militarized borders and to "hold back unwanted starving immigrants" (Ibid, 18). In the interim, the report suggests the creation of "vulnerability metrics" to determine the susceptibility of nations to environmentally driven insecurity, coupled with the establishment of "adaptive response teams" to address and prepare for "inevitable climate driven events such as massive migration, disease and epidemics, and food and water supply shortages" (Ibid, 22).[216]

While it is beyond the purview of this study to engage in an extensive critique of these ideas, the point to emphasize is that the possible future envisioned by the dominant centres of power implies a decidedly authoritarian and militarized response to the consequences of ecological crisis. This stands in stark contrast to many progressive environmentalists who envision ecological crisis facilitating greater global cooperation and a move to more egalitarian, democratic political structures. However, as James Anderson reminds us, questions regarding ecological sustainability will not be answered by progressive campaigners alone, but also by those that advocate for an overtly

[216] Almost identical conclusions were reached by a more recent report compiled by a "blue-ribbon" panel of retired American military officials, similarly concluding that "weakened and failing governments, with an already thin margin for survival, foster the conditions for internal conflicts, extremism and movement toward increased authoritarianism and radical ideologies," further suggesting that "the U.S. will be drawn more frequently into these situations" (CNA, 2007, 24).

authoritarian and reactionary response (2002, 245). Echoing the thoughts of military planners, Anderson warns of the possibility of ecological crisis compelling the rich and powerful "to pull up their drawbridges" while leaving the remainder of humanity to fend for itself (Ibid, 270).

Thus ecological crisis potentially threatens not only the inhabitable planet, but also the very fabric of democracy itself. It is therefore crucial that democratic institutions and practices remain durable and dynamic enough to withstand the political instability that ecological crisis will engender and the forces of reaction that would call for democracy's ouster. This returns us to the potential consequences of the failure of the eco-capitalist response to remedy ecological crisis. I previously argued that the supreme test of the hegemony of corporate environmentalism would be its ability to deliver on the promise of continuing material affluence and environmental protection. From the earlier argument concerning the efficacy of these policies to provide environmental protection, it should be obvious that I am quite cynical as to their ability to accomplish their stated aims. This suggests that as ecological crisis accelerates, CSR-inspired environmentalism will prove less able to marshal the legitimacy that it currently enjoys. This would make both corporate environmentalism – and the underlying hegemony of productivism – more and more susceptible to counter-hegemonic challenge, perhaps eliciting a more severe hegemonic crisis that capital is less able to contain or accommodate. As Gramsci observes, the failure of the ruling class in a major political undertaking – such as resolving the ecological crisis – for which it has requested the consent of the public can activate a "crisis of authority" (Boggs, 1984, 165). Such a crisis robs the ruling strata of their "spiritual prestige and power," reducing them to their "economic-corporate existence," wherein their naked class interest is fully revealed, no longer cloaked in the guise of the universal interest (Ibid, 165). Gramsci suggests that such a sequence of events, in which the hegemonic facades of the ruling class are stripped away and their fitness to rule openly questioned, compels the ruling strata to rely on coercive force alone, as the "armed apparatus of repression" supplants the ideological apparatus as the dominant mode of class power (Femia, 1987, 207). Under such conditions reform is impossible, and the confrontation can only be "resolved either to the advantage of reaction (Caesarism) or revolution, depending upon *the levels of preparation within the* *left itself*" (Boggs, 1984, 165, my emphasis).

My concern here is that the "facts on the ground" do not favour democracy in this struggle, as the social forces that would defend democratic values from the forces of reaction are woefully *un*prepared due to the general evisceration of democratic participation, both through the anti-democratic processes emblematic of the CSR agenda and the depoliticizing effects of neoliberalism more generally. Certainly, as we have seen, the avenues for democratic participation in relation to the environment have been systematically foreclosed under the auspices of the CSR agenda, whether through the appropriation of regulatory functions by unaccountable corporations, the privatization of previously public goods, or through the reliance on free market mechanisms to determine environmental policy. Similarly, the dependence on expert and technical discourse within CSR and corporate environmentalism – both by corporations and mainstream environmental organizations – limits public participation as those unable to speak the "specialized language" are effectively marginalized. As Brulle and Jenkins argue, this amounts to the "authoritarian management of environment and society" as citizens are reduced to the status of a population to be managed, with no requirement for their involvement beyond the uncritical support for elite decisions (2005, 10). As Barry suggests, this can lead to the belief that "only elite and expert led solutions are possible. At the same time, it depoliticizes people, inducing them to accept their impotence as individuals" (Cited in Buell, 2003, 201). CSR and corporate environmentalism thereby encourage fatalism towards political action by framing substantive social change as the sole province of managers and other elites. Thus, in each instance, the effect of the CSR agenda has been to remove previously contentious environmental issues out of the realm of public debate and into a domain that is ostensibly insulated from democratic pressure.

In this regard, CSR carries forward the same tendencies of depoliticization and de-democratization that others have identified as being so characteristic of the neoliberal turn (Barber, 2000; Brown, 2006; Hay, 2007; Klaehn & Miller, 2006). However, these tendencies are disturbing not only for their curtailment of democratic space, but also for their potential to produce a politically indifferent and passive citizen-subject (Brown, 2006; Clarke, 2004). Wendy Brown observes that as neoliberalism "converts every political or social problem into market terms, it converts them to individual problems with market solutions" (2006, 704). Thus, citizenship under neoliberalism, Brown suggests, is reduced to an ethic of individualized self-care, it becomes "divested of any orientation toward the common, thereby undermining an already weak investment in an active citizenry and an already thin concept of a public good" (Ibid, 695). For Brown, this produces the "citizen-consumer" for whom:

> [N]avigating the social becomes entirely one of discerning, affording, and procuring a personal solution to every socially produced problem. This is depoliticization on an unprecedented level: the economy is tailored to it, citizenship is organized by it, the media are dominated by it, and the political rationality of neoliberalism frames and endorses it (Ibid, 704).

This "hollowing out of democratic political culture" and the simultaneous "production of the undemocratic citizen," that Brown laments, would seem to augur poorly for democracy should it face serious challenge under the pressures wrought by a deepening ecological crisis (Ibid, 692). I would add that the extension of corporate power over public life through the auspices of CSR only exacerbates the potential to depoliticize the public as it creates "a lack of confidence in democracy" as citizens are confronted by tremendous concentrations of unaccountable private power in more and more quarters of their everyday lives (Whitehouse, 2005, 159). While not dismissive of the efficacy of popular democratic movements such as the Global Justice movement to "repoliticize" the private sphere of the corporation, it will take – to quote Gordon Laxer – "time, frequent interactions, and shared histories" to create the strong identifications with one's political community and with distant citizens, in order to "prepare the soil in which democracy grows" (2006, 81). Nevertheless, these two opposing visions of our ecological future would seem to prefigure struggles to come. In this regard, I believe it opens up some intriguing avenues for future research, as it would seem incumbent for the critical intellectual to contribute to efforts to ensure that the forces of democracy are well equipped to face the challenges ahead.

To conclude, this study has attempted to illustrate the intimate historical relationship between public relations, corporate social responsibility and corporate power. In particular I have been concerned with the evolution of public relations and CSR in response to crises of corporate legitimacy and in some cases, disillusionment with the capitalist economic system itself. I contend that both public relations and CSR have been an integral part of business strategy – throughout the past century – to ensure that democratic pressures do not encroach upon the prerogatives of corporate power. We have seen that public relations and CSR have often operated in tandem, used to both discredit alternatives to corporate power while simultaneously representing the corporation and its goals as integral to the democratic project and aligned with the public interest. Indeed, we have seen this strategy manifest itself throughout the campaigns documented in this study, acquiring greater degrees of sophistication as it progressed.

At a greater level of abstraction, we can view these episodic campaigns as attempts to both re-assert corporate hegemony in periods when corporate power and legitimacy have been on the wane – such as during the height of the Keynesian post-war contract – and to defend corporate hegemony in times when corporate pre-eminence has been under attack – as with the current neoliberal era. While there is a demonstrable historical continuity in these responses to periodic crisis, I have also been concerned to show how CSR has evolved to become an increasingly integral element to secure corporate legitimacy within the changing power relations emblematic of the neoliberal period. With the withdrawal of the state from key areas of regulatory and social provision and the subsequent entry of private corporations into this arena, corporations have had greater need to legitimate the acquisition of these newly gained powers. It is in this sense that CSR needs to be viewed as a mode of both discursive *and* material power, as it not only attempts to legitimize the corporation and its imperatives as congruent with the public interest, but has also been integral to the promotion and implementation of corporate-inspired policies and regimes of corporate governance that allow for the private appropriation of previously public goods and functions of democratic government. Yet, this acquisition of public goods and powers by relatively unaccountable private actors has also activated resistance – most notably in the trans-national movements for global justice. I have argued that CSR has also demonstrated its utility in its attempts to portray a "kinder and gentler" phase of neoliberal globalization and as a means to defuse this resistance through CSR's institutionalization within international forums like the Global Compact and the WSSD.

I submit, however, that CSR's most enduring worth to corporate legitimacy in the current conjuncture has been in the realm of environmental politics. Ecological crisis has the potential to become perhaps the greatest challenge to both corporate legitimacy and the capitalist economic system thus far. As I have documented, initial public relations campaigns of denial eventually faltered against growing scientific consensus, mounting public concern and an increasingly technology and media savvy environmental movement. I have characterized this event as constituting a potential crisis of hegemony, as corporate leadership seemed impotent to address this crisis relying as it did on the increasingly anachronistic politics of denial. Faced with the possibility of irrelevance in the environmental debate and eager to regain influence, a more progressive fraction of capital conceded the necessity for environmental protection in order to re-assert its intellectual and moral leadership over these problems.

The eventual "eco-capitalist" response backed the CSR-inspired policies of corporate environmentalism as the best means to address ecological crisis, with vigorous promotion by corporate organizations such as the ICC, BASD and the WBCSD. This cadre of "green" corporate leaders have indeed managed to ascend to a position of leadership in the environmental debate, with their corporate environmental vision the "master discourse" through which much of environmental policy is framed. I have argued that these policies, while purporting to demonstrate the social and environmental responsibility of business – cannot deliver on their promises of an environmentally sustainable capitalism. Rather, these policies should be viewed as the early attempt to re-structure capitalist relations of production in order to continue capital accumulation in a future where access to key natural resources and environmental services will be hotly contested.

As I have stated, I believe CSR has been integral to this process, by organizing consent around the corporate environmentalist vision through its advocacy of corporations as the best possible environmental steward and its ability to enlist the cooperation and credibility of mainstream environmental organizations to this end. Moreover, CSR's insistence on voluntary corporate-initiated solutions has allowed corporations to institute these solutions in global forums like the WSSD with little if any oversight. Indeed, the use of business-NGO partnerships, stakeholder dialogues and free market mechanisms leave little room for citizen participation, ostensibly insulating corporations and their environmental policies from public pressure, even if outwardly these initiatives promote themselves as offering citizens increased access and influence over corporate decision-making. Thus CSR has been of enormous value in addressing the ecological contradictions of capitalism, acting as a hegemonic suture to repair ruptures in the prevailing hegemony by offering solutions that may appear transformative – but actually ensure that the fundamental structures of power remain uncontested. However this ability to forestall substantive change may be a mixed blessing, for if CSR's environmental claims prove to be as ineffectual as I believe them to be, corporate leaders may just be delaying a more serious crisis of hegemony to come.

Lastly, throughout this study I have been concerned with the relationship between corporate power and democracy. Indeed, the main concern of this thesis has been to demonstrate how the techniques of public relations and CSR have been deployed to undermine or deflect democratically imposed constraints on corporate power. Despite the narrative of ethical and democratic progression offered in the conventional histories of public relations and CSR alluded to in the introduction, the evidence presented in this study lends little credence to the notion that CSR represents the pinnacle of ethical PR practice or the birth of the inclusive, democratic corporation. Rather, this study demonstrates the remarkable historical continuity in corporate responses to democratic challenge. While the techniques and justifications may have grown more sophisticated, the ultimate purpose of the campaigns outlined throughout this study has remained relatively constant: to effectively prevent the imposition of democratically imposed constraints on corporate operations. Whether this is achieved through the outright defeat of oppositional movements or through the careful accommodation and absorption of challenges in order to align them with corporate priorities, the goal is the same; to *prevent* business from relinquishing its social power and allow others – whether government, labour or social movements – to "step in and assume those responsibilities and the power that goes with them" (Davis, 1973, 314).

While I believe there exists much continuity that supports this thesis, I do think we should be cognizant of one subtle, but quite important shift in the way CSR has been utilized within the current conjuncture. Prior to the neoliberal period, for the most part, public relations and CSR were deployed as a means to either affect public opinion or policy-makers so that policies or legislation that were deemed counter to corporate interests would be unpopular enough to either secure their defeat or their repeal. I am particularly reminded of B.J. Mullaney's previously cited statement from the 1930s regarding the efficacy of influencing public opinion on legislative issues that might be considered harmful to corporate interests:

> When a destructive bill is pending in the legislature it has to be dealt with in a way to get results. I am not debating that. But to depend year after year on the usual political expedients for stopping hostile legislation is short-sightedness. In the long run isn't it better and surer to lay a ground-work with the people back home who have the votes, so that proposals of this character are not popular with them, rather than depend upon stopping such proposals when they get up to the legislature or commission (Cited in Carey, 1995, 14).

Certainly, the persistent fantasy of both public relations and CSR throughout their history has been the promise to foresee future social threats and pre-empt them before they can arise. However, in certain regards, CSR may have done Mullaney's approach one better. As we have seen, since the advent of the neoliberal turn and the withdrawal of the state from certain areas of regulatory oversight and social provision, CSR has been used to justify the corporate appropriation of previously public goods and powers while offering token avenues for democratic participation that in reality leave very little room for public input or deliberation. If in the past, public relations and CSR were employed to manage democracy in the interest of business, which still entails a modicum of risk, CSR attempts to justify the jettisoning of democracy altogether to permit corporate governance over aspects of nature and society that have traditionally been deemed public goods essential to the democratic project. This may well be the genius of CSR as currently practiced, rather than worrying itself with the messy business of managing democracy to ensure the correct outcomes – it seeks an end run around democracy altogether, all the while mouthing pieties to a new deliberative and inclusive era of corporate governance. Recalling the thesis of this study, it is in this respect that CSR should be considered a profoundly *anti*-democratic project, concerned not only with curtailing any existing threats of democratic opposition to corporate action, but also harboring the potential to forestall the possibility of *future* democratic opposition by effectively removing contestable issues from the public sphere through the appropriation of previously public goods and functions of governance. In this sense, CSR may yet realize its ultimate goal of pre-empting social change as it circumscribes the very avenues for democratic participation that can enable positive social change. It is this aspect of CSR that should be most troubling, as we concede more and more of the democratic project into the hands of unaccountable corporate power. Whether this power is administered in a "socially responsible" manner will mean little if in the end it undermines the substantive content of our democratic traditions. Indeed, in perhaps another irony of history, the further institutionalization of CSR may actually move us *closer* to the democratic realist fantasies harbored by the early theorists of public relations; that finding ordinary men and women incapable of 'properly' exercising their democratic franchise, "it was best to strictly limit government *by* the people and to redefine democracy as, by and large, government *for* the people by enlightened and responsible elites" (Cited in Ewen, 1996, 147).

In closing, while practically born together, the corporation and mass democracy have always lived an uneasy co-existence. The inordinate economic clout and political influence of the corporation in a supposed pluralist society has always required the corporation to justify its incredible power and privilege. It should come as no surprise then, that throughout its history the corporation has sought to legitimize itself through the very language of democracy. As was mentioned at the outset, whether the original "shareholder democracy" of companies like AT&T, the conflation of democracy with "free enterprise" in early public relations campaigns, or the current emphasis on the supposed democratic character of corporate-stakeholder dialogues, the rhetoric of democracy and pluralism have consistently been deployed as a means to legitimize the power of the corporation within democratic society. In certain respects, CSR is just the most recent manifestation of this, as it once again heralds the coming of the transparent and inclusive corporation. However, as this study has been at pains to argue, CSR's democratic rhetoric is not only empty, but also conceals its decidedly un-democratic nature. Therefore, like General Potemkin's famous village, CSR proves to be a mere façade for a much more ugly reality.

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APPENDIX A

List of Organizations

BASD – Business Action for Sustainable Development

BELC – Business Environment Leadership Council

BIAC – Business and Industry Advisory Committee

BCSD – Business Council for Sustainable Development

BSCE – Business Council for a Sustainable Energy Future

CED – Committee for Economic Development

CEO – Corporate Europe Observatory

CPI – Creel Commission for Public Information

CRADLE – Corporate Responsibility Action Through Dialogue Learning and Exchange

ECOSOC – United Nations Economic and Social Council

EDF – Environmental Defense Fund

EPA – Environmental Protection Agency

FOE – Friends of the Earth

GCC – Global Climate Coalition

ICC – International Chamber of Commerce

ICE – Information Council for the Environment

IPA – Institute for Public Affairs (U.K.)

IPCC – Intergovernmental Panel on Climate Change

MEA – Millennium Ecosystem Assessment

NAM – National Association of Manufacturers

NIEO – New International Economic Order

OECD – Organization for Economic Cooperation & Development

PCA – Partnership for Climate Action

PRSA – Public Relations Society of America

WBCSD – World Business Council for Sustainable Development

WICE – World Industry Council for the Environment

WEF – World Economic Forum

WSSD – World Summit for Sustainable Development

WWF – World Wildlife Fund

UCSUSA – Union of Concerned Scientists – USA

UNCED – United Nations Conference on Environment & Development

UNCTC – United Nations Commission on Transnational Corporations

UNEP – United Nations Environment Program

APPENDIX B

List of WBCSD member companies (North America, Europe & Japan)

North America

Canada

- BC Hydro
- Petro-Canada
- Suncor Energy

USA

- 3M
- Accenture
- AES Corporation
- AIG
- Air Products and Chemicals, Inc.
- Alcoa
- American Electric Power
- Boeing
- Caterpillar
- CH2M HILL
- Chevron Corporation
- Conoco Phillips
- Cooper Tire & Rubber Company
- Deloitte Touche Tohmatsu
- Dow Chemical
- Duke Energy
- DuPont
- Entergy Corporation
- Exelon
- Ford Motor Company
- General Electric
- General Motors
- Greif
- IBM
- Interface
- International Paper
- ITT Industries
- Johnson Controls
- Johnson & Johnson
- Kimberly-Clark Corporation

- MeadWestvaco
- Newmont Mining
- Oracle
- PepsiCo
- PricewaterhouseCoopers
- Procter & Gamble
- Rohm and Haas Company
- S.C. Johnson & Son
- Smurfit-Stone
- SunGard
- The Boston Consulting Group
- The Coca-Cola Company
- The Goodyear Tire & Rubber Company
- The New York Times Co.
- Time Warner
- United Technologies Corporation
- Weyerhaeuser

Europe

Austria
- Borealis
- Swarovski

Belgium
- Umicore

Croatia
- Podravka

Denmark
- Grundfos
- Novo Nordisk
- Novozymes
- Vestas Wind Systems A/S

Finland
- Fortum
- Metsäliitto Group
- Nokia
- Stora Enso
- UPM

France
- AREVA
- EDF Group
- Gaz de France
- L'Oréal
- Lafarge
- Michelin
- Suez
- Veolia Environnement

Germany
- adidas AG
- Allianz
- BASF
- Bayer
- Continental AG
- Deutsche Bank
- E.ON
- Evonik
- HeidelbergCement
- Henkel
- Robert Bosch GmbH
- Volkswagen

Greece
- Titan Cement

Ireland
- CRH
- EcoSecurities

Italy
- Eni S.p.A.
- FALCK Group
- Italcementi Group
- Pirelli & Co., S.p.A.
- Telecom Italia.S.p.A.

Luxemburg
- ArcelorMittal

The Netherlands
- Akzo Nobel
- DSM N.V.
- KPMG
- Royal Dutch Shell plc.
- Royal Philips Electronics
- TNT N.V.
- Unilever

Norway
- Det Norske Veritas
- Grieg International
- Leif Höegh
- Norsk Hydro
- Norske Skogindustrier
- Statkraft AS
- Statoil
- Storebrand

Portugal
- Brisa
- CIMPOR
- EDP - Electricidade de Portugal, S.A.
- Portucel Soporcel Group
- Sonae

Romania
- Energy Holding

Russia
- Basic Element
- JSC Gazprom
- Snegiri Development

Spain
- ACCIONA
- Cementos Portland Valderrivas S.A.

- Repsol YPF
- Telefonica

Sweden
- Skanska
- SKF
- Vattenfall AB

Switzerland
- ABB
- Firmenich
- F. Hoffmann-La Roche
- Holcim
- Novartis
- SGS Société Générale de Surveillance Holding
- Syngenta

Turkey
- Eczacibasi Holding

United Kingdom
- Anglo American
- BG Group
- BP
- Environmental Resources Management Group
- Rio Tinto
- Vodafone Group

Japan
- Asahi Glass
- Bridgestone Corporation
- Canon
- Chubu Electric Power Co., Inc
- DENSO
- Hitachi Chemical
- Honda Motor
- Kansai Electric
- Kikkoman
- Mitsubishi Chemical
- Mitsubishi Corporation
- Mitsui & Co
- Nippon Paper Group, Inc.

- Nippon Telegraph & Telephone Corporation
- Nissan Motor
- Oji Paper
- Osaka Gas
- Sanyo Electric Co., Ltd
- Seiko Holdings Corporation
- Sompo Japan Insurance
- Sony
- Sumitomo Chemicals
- Sumitomo Rubber Industries, Ltd.
- Taiheiyo Cement
- Teijin Limited
- Tokyo Electric Power Company
- Toyo Tire & Rubber Co., Ltd
- Toyota Motor
- The Yokohama Rubber Company