

What Can Businesses Do to Appease Anti-Globalization Protestors?

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A handful of highly visible events over the past few years—most notably protests at the meeting of the World Trade Organization in Seattle on November 30–December 2, 1999, and protests at World Bank/International Monetary Fund meetings in Washington, D.C. and Prague in 2000—have brought new attention to a much older social movement of the left. Opposition to the global reach of “Western capitalism” (a term used intentionally here) is hardly a new phenomenon. It has appeared over the years in various ways: with reference to the power “big business,” to the phenomenon of “neo-imperialism,” to the “exploitation” of developing countries, and to what is known within academic circles as “dependency theory,” among other forms. Its latest guise is an opposition to the phenomenon of globalization. However, despite the movement’s long pedigree, there still is no real consensus on what their opposition means or what anti-globalization protestors really want. Responding to this growing phenomenon, this article will attempt to explain some of the main variations of anti-globalization thinking, at least as they relate to demands made against international business enterprises. It will also ask what business can do to respond to these particular demands. And it will argue that ultimately, given the difference in perspective between businesspeople and anti-globalization protestors over some basic philosophical points, the answer to that last question is: “not very much.”

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In the United States, there has been both academic and practical reaction to this reinvigorated movement. Academically, there have over the past several years been many articles published on the social responsibility of business, on the expanding political significance of multinational businesses, and on the spread of international social movements. In more practical terms there has been increasing pressure on multinationals to change the way they do business. The pressure on Shell to recognize the rights of the Ogoni people of Nigeria, on Nike and similar companies to monitor conditions in their overseas suppliers' factories, or on Starbucks to buy coffee from small producers in Latin America, are examples of this phenomenon. Global social movements are more organized than ever before; most now use the Internet to find allies, many attend United Nations conferences and actively participate behind the scenes in decision making, and notable successes only encourage them to continue working to advance their goals. They are here to stay, and their early successes have only spurred them on to make broader demands. It is important to know what these demands are and how they can be answered.

What are these global social movements against? And how can multinational corporations effectively respond to their demands? These questions have attracted a great deal of attention in recent years. But for several reasons there are no easy answers to either question, and possibly no answers at all. First of all, it is a mistake to group together all these movements into a single "anti-globalization" movement; rather, there is a diverse collection of organizations with sometimes contradictory demands, and sometimes demands so vague that they themselves probably are not sure what they are after. Secondly, it is not clear that there is anything that business *can* do to insulate itself from criticism. Many of the movements under examination here, however, have demands so inimical to multinational enterprise that no window-dressing will appease them. Ultimately, as will be discussed below, their demands challenge not only the trappings but the very basis of the current international business order.

WHO ARE GLOBALIZATION PROTESTORS?

One only needed to spend time with the protestors in Seattle or Washington, or in Prague, to see the diversity of those who

gathered to express their anti-globalization viewpoint. Even age was not necessarily a unifying factor; although the majority of protestors were of college age or a little above that, in fact people of every age were noticeably present. An examination of related websites confirms the impression that this is a diverse movement. Groups associated with the anti-globalization perspective include a wide variety of political movements on the left, from mainstream liberals to anarchists and socialists; affiliates call for an end of aid to Israel, for the elimination of child labor in the third world; for reformed narcotics laws; and for human rights around the world unrelated to economic matters. However, a few central strands can be picked out, which help to unite this diverse coalition.

One prominent variation is centered around the way the world financial system has responded to the ongoing third world debt crisis. The protestors at the IMF/World Bank meetings in particular point to the way that the international financial institutions (IFIs) have forced austerity programs and other financial reforms on debtor countries. The programs, known collectively as “structural adjustment,” have been the primary response of the World Bank and the IMF to the debt crisis that began in the early 1980s and which has afflicted most of the third world. Their basic thrust, applied with a great deal of consistency even in widely diverse countries, has been to withhold multilateral lending to debtor countries until those countries cut back on the sort of government largesse that had gotten them into debt in the first place. Intended as a “rationalization” of prices and policies to bring them into balance with available means, structural adjustment has in fact had a devastating effect on the lives of millions in the developing world. By forcing third world countries to cut the size of their government bureaucracies, to cut government spending (including spending on education, health care, and other social sectors), and to open themselves to foreign competition (rather than protecting domestic producers), adjustment programs have exacerbated the poverty already widespread in the third world, have led to social dislocation, and have rolled back progress in the social sphere. One can certainly argue—and the World Bank and the IMF do argue—that these changes were inevitable anyway, since these countries were bankrupt precisely because they had spent and borrowed beyond their means. Protestors, however, insist that the proper and *moral* response would have been to forgive third world

debt, and they view the IFIs as little more than the debt collectors for large Western banks, and for Western interests in general.

Another line of criticism is more general—that World Bank development programs, and development activities supported by national development agencies, actually hurt more than they help the people of the third world. Critics point to a few particular disasters of development planning as examples of poor development planning and a callous disregard for the welfare of poor people in developing countries. Favorite targets include, for example, the Three Gorges Dam in China, a massive river control project which will flood the homes of millions of Chinese peasants and have devastating environmental effects on the Yangtze River and its watershed; or the POLONOROESTE project in northern Brazil, which will clear millions of acres of rainforest while destroying the historic homelands of numerous Indian tribes. Other smaller-scale development projects, such as efforts in Africa to shift rural communities from subsistence agriculture to the production of cash crops, or encouraging offshore oil and gas exploration in environmentally sensitive areas (as is happening in India and elsewhere), are similarly criticized. In short, they are perceived as being in the interest of global corporations and local elites, while hurting, not aiding, the poor, for whom they are ostensibly designed. At their most extreme, World Bank protestors argue that these are little more than efforts by the industrialized countries, which “run” the World Bank, spread capitalist exploitation to every corner of the developing world. The IFIs, it is argued, are interested only in furthering the interests of Western capitalism. Making sure that markets for goods remain open, and that access to raw materials is cheap and easy, is more important, they say, than helping the poor.

This leads to a broader point that protestors make, about the nature of the phenomenon of globalization as they understand it. In business circles the term “globalization” is often used as if it merely meant increased global trade—the fact that a shoe company in America uses a Malaysian businessman to operate a factory in China is seen as “globalization.” But international trade is hardly a new phenomenon; one can argue that only recently has international trade, as a percentage of all economic activity, reached the level it was at before the beginning of the First World War. Globalization is as much a social and political phenomenon as an economic one. It is, in many eyes, the forcible

spread of Western culture, of Western politics, and particularly of Western capitalism, to places in the world that neither want it nor need it. The reference to “Western capitalism” is used here intentionally: while it may sound like a throwback to the days of the Cold War, the end of Soviet Communism has not eliminated the salience of this concept in the eyes of many who see it as a destructive force. Globalization is about forcing a particular way of life on those who do not want it, in the name of economic efficiency. And, many feel, it is about putting economic efficiency above human welfare. It glorifies the material above the spiritual, in a way that destroys indigenous cultures and abases what is noble in the human spirit.

Thus, protestors argue that the shoe factory in China exploits its workers, and that NAFTA causes unemployment and economic dislocation both in the U.S. and Mexico, and that oil exploration in West Africa destroys the environment and threatens indigenous cultures. It is irrelevant to point out that there might not be any jobs at all without the shoe factory, and that the economic dislocation might be made up for in gains elsewhere, and that if foreign companies don't drill for oil in West Africa West African companies surely will, perhaps with even less regard for the consequences. The point, anti-globalization advocates argue, is that there shouldn't be a *choice* between bad jobs and no jobs, and that some people shouldn't have to pay for the successes of others, and that everyone ought to recognize the inherent worth of indigenous cultures and their right to cultural integrity. The complaint isn't with the choices that market economics make; it is with the entire concept that these decisions must be left to laissez-faire economics (or neo-classical economics, as it is now called) at all. The market, in other words, is not a disinterested or universal phenomenon, but is a particular way of looking at the world; and it is not, the argument continues, the best way, or even a very good way, when taken out of its natural context.

Globalization also has a cultural component which is tied intimately to economics in the sense that economic and cultural power reinforce each other. Globalization protestors particularly overseas decry the spread of American cultural values in particular, and Western values more generally: the protestors in Germany decries the spread of “McDonalds culture” to Germany, while others look more broadly at the encroachment

of “Western ideals” to non-Western cultures. Language laws in France and vandalization of American chain restaurants in Germany are examples of the first phenomenon. In non-Western countries, the argument that human rights norms are ideals that are inappropriate to the communal values of Africa and Asia, and destructive of the glue which holds society together, may be the most striking example of the second. In both cases it is felt that something important is being lost in societies whose social norms are being supplanted by an inferior American (in particular) ideal, which puts money above community and leads to social dislocation and the loss of important traditional values.

The deleterious effects of globalization, many dissenters would argue, are best seen when one looks at particular vulnerable groups around the world. Labor in the United States is one example: The unlikely (and probably unstable) alliance between organized labor in the United States on the one hand, and the odd coalition of students, environmentalists, socialists, and anarchists on the other, results from the belief that globalization costs U.S. jobs by moving production overseas at the same time that it moves the exploitation of labor overseas as well. The globalization of commerce also has effects on various groups overseas, groups that are both coherent and recognizable, yet who fall between the cracks in liberalism’s unyielding focus on the status of individuals. A number of examples of this can be documented: It has been shown that World Bank-sponsored programs to move agriculture from subsistence to cash crops in the third world disproportionately hurt women by ignoring their non-cash-producing labor, or by disrupting traditional family structures as men move from rural areas to the cities for factory jobs. Forest-clearing projects in Amazonia or oil production in West Africa has documented effects on the lives of indigenous peoples, another vulnerable group. And the poor, as a recognizable group, also are constantly harmed by the effects of globalization and industrialization, as the needs of business are put above their protection. In other words, capitalism isn’t just about individuals who “win” or “lose” in economic competition; it also means that there is exploitation of the weak by the strong, a situation that is both immoral and at the same time inherent in the system itself. The system can not, dissenters argue, be effectively reformed; it must be replaced.

THE BUSINESS CASE FOR GLOBALIZATION

The typical responses of both businessmen and classical economists to these charges follow a familiar path. To the charge that lowering protective barriers costs jobs to those in protected sectors, or that shrinking the size of government programs cuts needed social services, they argue that such hardships were inevitable when government coffers ran dry. Better to bring the economy in line with reality now, in a controlled and rational way, rather than later, with the profiteering and political chaos that would inevitably accompany a total collapse of the economy. To the broader arguments about the damaging effects of development programs, and of social globalization generally, they argue that such dislocation is an inevitable result of progress, and that hardships for some are more than offset by the resulting gains for others. One cannot, in other words, make an omelet without breaking some eggs. To many in the development profession in particular, the complaint that traditional ways of life are being destroyed by progress is almost unintelligible: the *definition* of development is the replacement of the old ways by new, more desirable ones. Why would rural farmers *want* to remain in a world of subsistence agriculture, when instead they can become part of a much wealthier world economy where their standard of living can be improved? In the U.S., the same argument is made about free trade. Yes, its advocates argue, there are some in the “old economy” who will lose their jobs, but these losses will be more than offset by those who gain employment in newer, more efficient, better paying sectors of the economy. These sorts of changes are not to be regretted. They are, rather, to be welcomed, as a sign that the economy is advancing rather than stagnating.

Underlying this argument is a utilitarian philosophy that is a common if unstated assumption of the business world. Utilitarianism is a moral philosophy which, in its most noted formulation, insists that the morally correct act is the one that provides the greatest good (or happiness) for the greatest number. Utilitarianism is particularly well suited for analyzing economic matters for a number of reasons. For one thing, by reducing morality to a simple calculation of total happiness, it eliminates the need to think about more subjective issues like justice, or natural law, or divine revelation, with which businessmen are naturally uncomfortable.

For another, market economics seems to be the most efficient means available for producing goods; maximum productivity means the widest availability of goods at the cheapest prices, and thus more goods are available to satisfy people's wants and needs. Thirdly, utilitarianism fits well with the basic premise of the market, that resources should be allocated by letting people determine what they themselves want and are willing to pay for. The assumption is that people will pay for those things that make them "happy": thus the market is the ideal mechanism for allocating resources to achieve maximum utility. And, at the same time, "what people will spend money on" becomes an excellent way of measuring total utility. It may not be a perfect measurement, but it is an improvement on the alternatives. Both these arguments, in fact, are implicit in Milton Friedman's famous assertion that "the moral responsibility of business is to increase profits," and are basic to free-market philosophy.

So the standard reply of the businessmen and economists to critics of globalization relies on a utilitarian calculus: the unfettered market is the most reliable way of providing the greatest good with the greatest happiness, by letting people themselves determine what their good is. It is pointless, and counterproductive, to stand in the way of progress, or to try to guarantee that there are no "losers" at all in international trade. The end result, they argue, will be that everyone loses: a system that tries to avoid hurting anyone will at best be a stagnant one, and at worst, will collapse under the weight of its commitments. This is, for example, the downfall of socialist economies: the centralized control necessary to guarantee that all benefit equally is a burden which guarantees only that no one but a small elite will benefit at all.

This sort of utilitarianism has a directness, a simplicity, and an economic logic which is appealing to those involved in development, finance, and business. It is also a cruel philosophy in its willingness to ignore the suffering of some in the name of the welfare of others (not unlike Thomas Carlyle's characterization of economics as "the dismal science"). Ultimately, this is what the opponents of globalization are opposed to. The utilitarian sees development as a matter of increasing the GDP of developing countries. This, they say, is the measure of utility, as more money means more satisfied desires. Opponents of globalization are concerned with protecting indigenous cultures, with protecting the environment (regardless of whether this is economically

profitable), and with advancing the cause of women in patriarchal societies irrespective of how these issues interact with the economy. Utilitarians argue that factories that pay their employees low wages are better than no factories at all. Opponents of globalization decry the political oppression that so often goes hand in hand with the early stages of industrialization. Where the utilitarian sees the end of an old inefficient industry, the opponent sees families uprooted and lives destroyed.

IS THERE A MIDDLE GROUND?

The point being made here is that there is an essential philosophical disconnect between businesspeople on the one hand, and social activists on the other. It is at heart an age-old philosophical problem, namely, the struggle between efficiency and justice. To the economist and the businessman, the most important measure of success is the efficient use of resources within an economic system, leading to the production of the greatest value of goods. Money and profit measure that efficiency; the demands of the market provide guidance as to where the greatest efficiency can be found. The corporate balance sheet provides the only reliable measurement of the production of utility. For those concerned with justice, however, the mere production of goods is not enough; it is important also to consider *how* those goods are produced, *what* they are, and, most importantly, how they are *distributed* within society. Yes, the justice advocate will say, factory workers in China would not have jobs at all without the investment of Nike: but why should a Nike investor in the United States, and a small cadre of elite Chinese businessmen, make such enormous profits when those actually doing the labor see such small benefits? The social activist also looks at the *politics* of production and asks, why must production in the third world so often be accompanied by political repression and the abuse of human rights? Why do the rich countries of the North feel free to make trade deals with the undemocratic elites of third world nations which really benefit only a tiny handful of people in each country?

The demands of justice versus efficiency go beyond the distribution of goods, however. Justice as it is used here is a concept with powerful political overtones, overtones that will seem anathema to those concerned primarily with the logic of the market. For

one thing, where the businessman ideally seeks to separate economics from politics, the opponent of globalization sees the two as inextricably linked. Trade deals are made by elites to benefit themselves or their supporters. International business as they conceive it fits into a larger frame of political exploitation, where the countries of the third world are kept in poverty in order to benefit richer nations, which need them to provide cheap raw materials. The destruction of local culture and its replacement by a consumer-driven “Western” way of life is as much an act of political imperialism as was the grossest land-grab by the colonial powers in previous centuries. It is a form of political exploitation which goes hand in hand with economic exploitation. At the same time, they argue, justice requires political *intervention* of a type which free-trade advocates will find anathema. This is not just intervention to help the poor and vulnerable within society (which, after all, all Western countries now implicitly accept) but an effort to preserve cultures, to protect vulnerable groups, and to safeguard an environmental patrimony. In short, anti-globalization protestors recognize that in the pursuit of justice there are many goods that are just as important as material possessions, and that these, too, must be controlled by politics if justice is to be preserved.

What has business done to meet these demands for justice? There is, as this article noted at the beginning, a growing movement among academics as well as businessmen which asks how an “ethical” business model can meet the demands of protestors while still operating efficiently. Solutions tend to group around two basic ideas. The first is the need of business to recognize human rights in developing countries as a basic concern. Corporations are urged not to do business with totalitarian regimes; not to operate or subcontract sweatshops or other “exploitative” businesses; to respect the environment of countries where they operate (with “environmental rights” an emerging category of rights in international law); and generally to be “good corporate citizens.” The second set of solutions is largely economic: pay your employees a living wage, purchase from small producers rather than large corporate ones (hence Starbucks’s “fair exchange” program), concern yourself with the welfare of communities impacted by your business operations. Many corporations have already begun acting on these suggestions. Starbucks buys coffee now from small producers and pays them a “fair” price; oil companies such as Shell have hired human rights officers to monitor their operations

in far-flung regions; a number of private businesses and NGOs have sprung up to monitor factory conditions and wages overseas. The resources being devoted to these activities are small for the most part, but growing. As they were with the environmental movements of the '70s and '80s, businesses are being driven by public pressure but also by a desire to insulate themselves from public relations disasters, and perhaps in the future to use their good works as a selling point to a politically sensitive Western audience.

None of these are “wrong” things to do. They are desirable, morally praiseworthy from most perspectives, and very likely good for business in the long term. And many of them do in fact address the issue of tempering efficiency with justice, at least as the terms are used domestically. The problem, however, is that each of these actions is based on theories of the social responsibility of business in a domestic context, and expands these theories to the international realm. They are, in other words, based on specific, Western ideas of how to combine efficiency with justice, and therefore fail to grapple with the essential challenge that globalization presents to these ideas. These actions are, for example, concerned with individual political rights, when group and social rights are just as important as the protestors they are trying to placate. And they are concerned with a few basic economic issues—higher wages, better working conditions, the right to form unions—shaped by the nineteenth and twentieth century American and European experience, when what is being demanded focuses on cultural and structural issues far more sweeping than traditional union demands. The response of business, in short, might be seen as just another effort to impose domestic values into a context that does not share those values, or in any event has other values that are equally important. In the long run these steps will be seen by protestors and activists as another effort at neo-imperialism or cultural imperialism. Why, the committed anti-globalist will ask, do Western oil producers think they can “buy off” the indigenous tribes of Western Africa? Only in a Western context can they believe that a people will willingly trade their cultural heritage for a little pocket change. It will seem nothing more than another effort to bring the last remaining corners of the earth into a great system of capitalist exploitation.

What, then, is the alternative for business, if this approach is so unlikely to succeed? The answer is that there is no universally

acceptable alternative. Anti-globalization movements are not looking for quick fixes or patches on the world economic system; they are not interested in such feel-good policies as dealing with small coffee growers or avoiding old-growth lumber, or any of the other policies that companies institute as much for the positive PR as for any real sense of global citizenship. To replace efficiency with fairness, as the anti-globalization protestor wants, two important changes in particular are necessary. Implicit in anti-globalization rhetoric is a need to replace free-trade regimes with a greater level of government intervention, in order to protect people from the destructive forces of capitalism. And in the domestic context there is a corresponding need to use government power to ensure that the benefits of industry are fairly distributed. What protestors want, in other words, are basic changes in the *structure* of global and national trade and finance, changes that are at bottom anathema to traditional business interests. Any policies that fall short of these goals will be nothing more than meaningless gestures in their eyes, and will only encourage anti-globalization protestors to redouble their demands.

This is not to say that business ought to abandon any efforts to play the good international corporate citizen. Far from it: there are any number of good reasons for continuing to seek ways to improve a corporate record, not least of which is that these moves *will* satisfy a number of observers and critics. Examples as varied as dolphin-safe tuna fishing and environmentally friendly packaging have shown the marketing potential in responding to critics. Besides, many of the moves being contemplated by companies worried about their image would appear to be morally good in and of themselves. What companies need to recognize, however, is that these moves are morally good *within a particular paradigm* of what it means to "be a good corporate citizen," and that this paradigm is not shared by some of the people they are hoping to appease. Although, in fact, those who will not be appeased by such moves are very likely a minority of corporate critics, albeit a vocal minority.

This suggests that multinational corporations ought to see themselves in as much a public relations battle as a moral struggle. Very likely, a majority of Americans would tend to agree with the traditional model of what it means to be a good corporate citizen. This is true, however, only to the extent that most people do in fact have well-formed and consistent opinions about these

matters. As issues of corporate responsibility for the effects of globalization take on more prominence, it is likely that more and more people will develop opinions of their own about how corporations ought to act. Increasing globalization suggests that this will include opinions on how corporations ought to act internationally as well as domestically. There is, of course, no single standard of what it means for a corporation to act ethically: and if corporations wish to be perceived as such, then they will have to make a case for *their* particular paradigm over others. It is a mistake to think that there is some obvious single standard to live up to, and that good works will be recognized as such if only they are performed (whether with good faith or not). And to the extent that corporations feel themselves unsuited for such a public relations battle, or unwilling to engage in it for whatever reason, then they will have to accept the consequences, the most serious of which will be that some groups of activists and consumers will not accept their own particular vision of what it means to act morally. The private company can please some of the people all of the time, or all of the people some of the time, but that is it.

CONCLUSION

After trying to briefly give an idea of the primary arguments of the anti-globalization movement, this paper has argued that there is an unbridgeable gap between what they want, and what business is prepared to give, in the pursuit of an acceptable world economic order. Corporations are simply unlikely to ever be willing to make concessions on the key demands of these social movements. This gap has been expressed in terms of an argument between the economic imperatives of efficiency versus justice; and although the conception of justice held by the anti-globalization advocate may not be the “only” such definition, it is the one that will have to be dealt with if their demands are to be seriously considered. It may in fact be important for businesses and development professionals to counter the argument with a different conception of what it means to deliver justice in international economics, perhaps by reference to more traditionally liberal philosophies that emphasize free choice, democratic government, and equal opportunity, rather than the orientation of anti-globalization activists toward an emphasis on redistribution of goods and power through direct

intervention. It suggests the need for a coming conflict in the public relations realm, over competing ideologies, a competition for which businesses are peculiarly ill-suited and ill-prepared.

One reason they are so ill-suited for such an effort is because the very nature of business will make corporations tend to prefer the utilitarian vision of what it means to act ethically. Indeed, as Milton Friedman has argued, the businessman may be very poorly equipped to consider questions of social justice, and perhaps not equipped to do so at all. Such decisions may be best left to the political system, and where the political system is silent on such matters, they should perhaps be left alone. It is not the purpose of this article to argue that corporations should be disinterested in matters of right and wrong beyond the assertion that efficiency is right and inefficiency is wrong. In fact, the corporation in modern society—including modern international society—is far too powerful and too important to abjure its responsibilities entirely. Corporations should feel free to take steps that seem to increase justice where they can, and should not avoid having at times to make decisions on values. Importantly, they ought to recognize that even a refusal to try to make such decisions is itself a value-laden decision, and does not insulate them from moral criticism. Still, when modern corporations do attempt to “do the right thing” as they see it, they must not be surprised if some of those they are trying to please are not placated. There is only so much that business is able to give, and it is not enough to please the committed opponent of global capitalism.

The good news for business is that there are not many committed anti-globalization activists about, and probably their numbers will not increase substantially. Rather, the movement is a small but vocal one. They have allies in places—in the environmental movement, for example, or in organized labor—but these alliances are shifting and issue-specific. And the majority of Americans, at any rate, while hardly committed to the utilitarian argument that underlies the business approach (Americans are, after all, at least as committed to justice as to efficiency), are no more sympathetic to calls for state intervention in social policy. There remains in this country a broad consensus on what can and cannot be expected from business, with disagreements around the edges only. Businesses worried about their image and their future would do well to focus on these areas of near-consensus and not worry about those things that are beyond their power to give anyway.