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Rio+10, Environment Zero

by Sheldon Rampton

This year marks the tenth anniversary of the Rio Summit—an international conference organized by the United Nations in Rio de Janeiro, Brazil to address the world's growing environmental problems, ranging from depletion of resources to species extinction and global warming. The collusion of western nations and major corporations undermined the effectiveness of the Rio Summit, which issued a number of lofty-sounding proclamations but steadfastly avoided meaningful commitments to real change. Now, a decade later, the consequences of that failure are becoming increasingly evident as the UN organizes a follow-up conference, dubbed "Rio+10," which is being held from August 26–September 4 in Johannesburg, South Africa.

"There is undoubtedly a gap in implementation. In some respects conditions are actually worse than they were 10 years ago," said UN Secretary-General Kofi Annan in his report on Agenda 21, the plan for sustainable development in the 21st century that emerged from Rio.

"Clearly, whichever way you look at it, our performance in implementing what came out of the Rio Conference is inadequate," admitted Nitin Desai, the UN Under-Secretary General in charge of the Johannesburg summit. "If we think in terms of our success in meeting needs—surely we have not done that," Desai wrote in a March 19, 2002 essay in the *Earth Times*. "Look at the persistence of poverty, hunger, disease and malnutrition. In terms of the second half of the standard

Flack Attack

"When virtue has slept," the philosopher Nietzsche once quipped, "it will awake refreshed." His aphorism certainly applies to the public relations industry's current infatuation with "corporate responsibility," which has arisen precisely in response to the worst orgy of corporate *irresponsibility* in at least the past half century.

In the 1990s, PR firms earned fat commissions spreading the "buzz" that inflated the dot-com bubble—a glorified pyramid scheme that drained the assets of everyday Americans for the benefit of Wall Street bankers, and encouraged "creative" accounting practices that are only now coming to light. Nowadays the same PR firms are helping Wall Street restore investor confidence by spreading the buzz about equally inflated claims that corporations are serious about policing themselves.

"Like a rock band making that big leap from cult following to global iconic status, corporate social responsibility (CSR) seems to have hit the business mainstream in the last 12 months," *PR Week* observed in May, citing British American Tobacco, McDonald's, Nike, Shell and ExxonMobil as examples of companies that have taken the CSR plunge. There is even an entire wire service—CSRwire.com—that specializes in distributing news releases about how responsibly companies are behaving.

PR Week noted that PR firms "have identified CSR as a major growth area for their businesses." Firms that have ramped up their CSR consulting include Burson-Marsteller, Edelman, Fleishman-Hillard, Hill & Knowlton, Ketchum and Weber Shandwick.

"All these agencies see CSR and PR not only as a natural fit for one another, but almost as one and the

continued on page two

definition—our capacity and ability to meet such needs in the future—we have not been able to halt the deterioration and loss of our natural resources or the accumulation of risks.” The summit at Johannesburg, he said, “must reflect a sense of urgency, for the time available for us to change course is getting shorter.”

The solutions that Desai and other UN officials are promoting, however, merely continue the empty rhetoric of the past—high-sounding talk that ignores demands by nongovernmental organizations (NGOs) for binding international rules on corporate behavior. In place of enforceable standards and accountability, UN officials have adopted the corporate sector’s call for “voluntary

Flack Attack *continued from page one*

same,” *PR Week* stated. But what *PR Week* sees as a virtue is precisely what the rest of us should recognize as the problem. Corporate responsibility is all too frequently mere PR designed to reassure the public, when in reality very little has changed.

PR firms want us to think corporate responsibility is something that will come voluntarily, because “doing the right thing” just happens to also improve profits. They are attempting to reinvent CSR in the mold of 18th-century economist Adam Smith’s notion that the “invisible hand” of the market magically translates the pursuit of self-interest into a public benefit.

“That a company’s pursuit of good corporate citizenship may not be motivated by morality, while lamentable, is irrelevant,” says Gavin Power, a member of Ketchum’s CSR team. “What is important is that out of self-interest companies can contribute to the improvement of our world. Adam Smith’s invisible hand is not so harsh after all.”

It is ironic, to say the least, that PR paeans like this to the redemptive nature of corporate profit-seeking are emerging precisely in response to the dot-com meltdown, Enron, WorldCom, Global Crossing, Vivendi, and a host of environmental and human disasters which have accompanied the rise of corporate globalization. If recent history teaches us anything, it is that the private pursuit of self-interest does *not* magically serve the common good. External pressure from activists and serious, enforceable government regulations are needed to ensure that corporate responsibility is more than “one and the same” as public relations.

initiatives” and “partnerships.” Activists critical of this trend have begun using the term “bluewash,” which the *New York Times* describes as “allowing some of the largest and richest corporations to wrap themselves in the United Nations’ blue flag without requiring them to do anything new.”

HOWDY, PARTNER

In place of binding, enforceable commitments, the United Nations is putting its prestige behind what UN jargon calls “Type II outcomes”—voluntary projects carried out in partnership between different “stakeholders” such as governments, nongovernmental organizations and business.

The Bush administration has been pushing for this approach, as have international corporate lobbies including the International Chamber of Commerce (ICC), the World Business Council for Sustainable Development (WBCSD) and Business Action for Sustainable Development (BASD). In the months leading up to the Johannesburg, these groups have been busily highlighting case studies of environmental, human rights or social initiatives conducted by member corporations as proof of their good “corporate citizenship.”

In April, for example, BASD and the United Nations Development Programme (UNDP) unveiled the Virtual Exhibition (www.virtualexhibit.net), which calls itself a “multi-media showcase of sustainable development initiatives.” According to Desai, the Virtual Exhibition “is all about making the summit accessible and open. We are inviting people from all over the world to tell us what they have achieved in the last ten years since (the first Earth Summit in) Rio, tell us what lessons they have learnt and share with us the experience they have had pursuing sustainable development objectives.”

The Virtual Exhibition is sponsored by British Telecommunications, Shell, and the Rio Tinto mining company. Curiously, however, none of these companies appear to be actually sponsoring any sustainable development initiatives themselves — at least, none that have shown up yet on the web site. When I visited the “Virtual Exhibition” on July 5, BP Solar was the only major corporation participating in any of the partnerships listed—and BP’s involvement consisted primarily of selling solar panels for an energy project in the Philippines funded by the government of Australia.

If, as Desai says, the Virtual Exhibition shares the achievements and lessons of the past decade, real achievements have been few and far between. Some 35 projects were profiled in the exhibition when I visited, ranging from geothermal power plants to an “encyclopedia of life support systems,” an AIDS education effort,

a community school, and Greenstar, a project that has built “self-contained, solar-powered community centers” in four communities around the world—the Palestinian West Bank, Jamaica, India and Ghana. Greenstar’s web site is attempting to support these initiatives through “ecommerce in native cultural products”—sales of digital music and art from the communities where the centers operate. It is hard to imagine that selling downloads of children’s paintings offers a realistic funding mechanism for sustainable development on anything more than a very tiny scale, and Greenstar has yet to become financially self-sustaining.

Some of these “Type II” initiatives may be individually admirable, but they are piecemeal and largely disconnected from the major developmental trends that are driving environmental destruction and economic instability throughout the world. Moreover, they do not begin to address the issues of corporate responsibility and accountability. Most of the projects profiled in the Virtual Exhibition are either government-funded initiatives or nonprofit ventures like Greenstar, with corporations participating merely as vendors of products and services.

For corporations, there are two PR advantages to participating in “Type II” initiatives. The first and most obvious advantage is that that corporations can improve their own images by “partnering” with NGOs and governments on beneficial social projects.

“The most vocal supporters of the partnership approach are generally corporations from some of the most environmental and socially dubious industries—namely oil, gas, chemicals and mining,” notes the Corporate Europe Observatory (CEO). “For them, ‘Type II’ outcomes represent an ideal marketing opportunity for

their maligned industries. By committing to a few select projects in partnership with ‘pragmatic’ NGOs and UN agencies, these corporations are now being held up as shining examples of corporate social responsibility. Official endorsement of what are, at best, tokenistic contributions by business, is the ultimate seal of approval for the greenwashing efforts of business.”

A second, less obvious advantage for corporate interests is that the rhetoric of “partnerships between stakeholders” obscures the unequal power that corporations possess, by virtue of their enormous wealth, in their dealings with the other “stakeholders.” These days a multinational corporation often has more wealth at its disposal than many governments, and certainly more than NGOs. “How can we be partners on an equal footing?” asks the Women’s Caucus, one of the NGOs involved in preparatory planning for the Johannesburg summit.

Beyond the PR advantages that public-private partnerships offer, there is also the profit motive, as corporations seek to siphon revenues from public funds ostensibly dedicated to serving the public interest. “The ‘Type-II’ approach is essentially the privatization of implementation,” wrote the Corporate Europe Observatory in May 2002. “The job of ensuring ‘sustainable development’ will be outsourced to various NGO and corporate actors, while governments look on approvingly and compare verbiage.”

One of the most spectacular examples of a public-private “partnership,” in fact, is Enron, whose rise to global prominence depended upon close financial relationships with U.S. agencies, the World Bank, and other government institutions. Researchers from the Institute for Policy Studies have documented the details of this part-

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nership in a report titled *Enron's Pawns: How Public Institutions Bankrolled Enron's Globalization Game*, which shows how these institutions helped leverage Enron's global reach with \$7.2 billion in public financing approved for 38 projects in 29 countries.

HAPPY TALK

In a January 2002 speech to the World Economic Forum, the UN's Nitin Desai praised the International Chamber of Commerce (ICC) and the World Business Council on Sustainable Development (WBCSD) as having "embraced the issue" of sustainable development. A more sobering assessment came from a coalition of NGOs including CorpWatch USA and the Corporate Europe Observatory, which responded that Desai's "conclusion is premature and gives these groups an undeserved seal of approval," adding that there is a "risk of assuming that certain corporate lobby groups are truly committed to sustainable development, when in fact they have failed to 'walk the talk.' . . . These assumptions send out the message that big business has proven itself as an ally and partner and that there is no need for further action by the world's governments to prevent corporations from damaging the environment and sustainable development."

The NGOs pointed to a "disturbing gap" between the ICC's "self-proclaimed commitment and the reality of a consistent record of lobbying to block, postpone or weaken progress in international negotiations on issues of crucial importance to sustainable development. Examples include the Basel Convention on trade in toxic waste, the Kyoto Protocol and the Convention on Biodiversity. . . . The credibility of the ICC's claimed commitment to sustainable development is furthermore seriously undermined by its opposition to binding corporate accountability mechanisms. The ICC continues to promote an unbalanced and unsustainable economic model of global market deregulation in which corporate rights are carved in stone while corporate responsibilities remain voluntary. This approach has proven entirely insufficient in the decade since the Rio summit."

"In most industry sectors, only a small number of companies are actively striving for sustainability," admitted an assessment by the UN itself, in a report released in June from the United Nations Environment Project (UNEP). "Most voluntary initiatives are still characterized by problems of effective implementation, monitoring, transparency, and free-riders," the UNEP report stated, pointing also to "a global shift of manufacturing production towards poorer countries that often do not have the resources or capacity to manage the accompanying environmental, health, and safety impacts."

AS FEW RULES AS POSSIBLE

Environmental and human rights groups insist that while voluntary projects may be worthwhile, they are not a satisfactory alternative to enforceable outcomes negotiated by governments. During the four preparatory meetings leading up to the summit, however, corporate lobbies and the U.S. government worked actively to sabotage meaningful targets and timetables.

"The US, Canada, Australia and the OPEC countries must also take most of the blame for two weeks of chaotic negotiations resulting in a long document, strong on platitudes but weak on substance," stated Friends of the Earth International following the third preparatory meeting. "All they are willing to offer on corporate accountability are voluntary initiatives, which fail to establish rights for the communities affected by corporate abuses."

During the preparatory meetings, U.S. government negotiators joined oil-exporting nations in questioning language on such issues as the Kyoto Protocol on global warming and in opposing a global target on the percentage of the world's energy that should be generated from renewable sources. They opposed international legal measures to reduce the risks posed by heavy metals and to reverse the the loss of biodiversity.

"We are seeing a very direct diplomatic campaign to destroy 30 years of efforts to govern environmental restoration and leadership towards sustainable development," said Remi Parmentier, director of Greenpeace International. "If they think they are going to get away with it, they are wrong. If we see only cosmetic words at Johannesburg, real people will be very upset."

The United Nations has also avoided enforceability and accountability in its two flagship sustainable development initiatives—the "Global Compact" and the "Global Reporting Initiative."

The Global Compact, which asks businesses to adhere to nine principles derived from key UN agreements, has become a general framework for UN cooperation with the private sector. However, critics of the Global Compact point to the absence of any mechanisms to monitor or enforce it and note that the 44 companies which initially supported the Compact included several companies with controversial environmental and human rights records. Members include Aventis, a leading purveyor of genetically modified crops; Nike, whose labor practices in its Asian factories have been roundly condemned by international labor and human rights groups; Rio Tinto, a mining company notorious for both human rights problems and environmental despoilation; and

Unilever, which has been dumping toxic waste at Kodaikanal in southern India.

“The motivation of the Secretary-General is to bring corporate behavior in line with universal values,” says Kenny Bruno of CorpWatch USA. “However, business influence over its design has riddled the Global Compact with weaknesses and contradictions. In the first 18 months of the Global Compact, we have seen a growing but secret membership, heavy influence by the International Chamber of Commerce, and a failure to publish even a single case study of sustainable practices. The Global Compact logo has been used without attribution by DaimlerChrysler, even as Global Compact officials insist that use of the general UN logo is strictly controlled. . . . The Global Compact represents a smuggling of a business agenda into the United Nations,” Bruno says, warning that this trend is leading to a “partial privatization of the UN,” and “globalization of greenwash.”

VOLUNTARY AND “CREATIVE” REPORTING

The Global Reporting Initiative (GRI) was formally launched in April 2002 by the UN Environment Program (UNEP) and the Boston-based Coalition for Environmentally Responsible Economies (CERES). They describe the GRI as an “international clearinghouse for voluntary disclosure by corporations on social and environmental issues.” Initiated in 1997 by CERES and UNEP, the GRI was hailed upon its release by Business Action for Sustainable Development as a “milestone for corporate disclosure and transparency.” U.N. Deputy Secretary-General Louise Frechette commended the initiative, saying it “has a unique contribution to make in fostering corporate transparency and accountability far beyond financial matters.”

Basically, GRI establishes a number of guidelines for “sustainability reporting,” similar to the rules used by accountants when producing corporate balance sheets, income-and-expense statements and other standard instruments of financial reporting. Its stated purpose is to make sustainability reporting as routine and credible as standard financial reporting.

Conventional financial reporting, however, is accompanied by a government-enforced regulatory framework that is supposed to ensure full and objective disclosure. Recent scandals involving Enron, Global Crossing, WorldCom and the Arthur Andersen all stem from failures by these companies to observe those standards, and the corporate officials responsible for those failures may face penalties including jail time if regulators prove in court that they broke laws requiring disclosure. (It is also possible, of course, that the guilty may escape punish-

ment, which demonstrates that even existing mandatory standards are insufficiently enforced.)

The GRI, by contrast with conventional financial reporting, is intended to be completely voluntary. In a February 26, 2002 speech at the Business in Environment Conference, Rio Tinto’s Lord Richard Holme of Cheltenham, a veteran of the ICC, the WBCSD and BASD, argued that “voluntary action and initiative” is an “infinitely more powerful force” than binding government regulations. To illustrate the superiority of the voluntary approach, Holme cited the Global Reporting Initiative as a case in point—even though the GRI has yet to accomplish anything by way of encouraging open, objective disclosure.

In Europe, Amnesty International, Friends of the Earth and Save the Children have launched a drive for compulsory reporting on corporate social and environmental performance. According to the *Financial Times*, however, “The idea is anathema to business organizations, which say corporate social responsibility should remain the voluntary preserve of companies, free from government diktat.”

UNICE, a European business federation, says mandatory reporting standards would turn “voluntary initiatives into a pro forma exercise” and “kill creativity.” The US Council for International Business also objects to mandatory standards, saying a “one-size-fits-all reporting standard is not appropriate.”

A recent social responsibility report issued by McDonald’s illustrates how the GRI’s “voluntary” approach works in practice. McDonald’s says it followed the GRI guidelines, yet the report has not been subject to independent verification, is short on numbers and contains almost no data that allow comparison with past performance.

According to author Paul Hawken, a leading advocate of genuine corporate responsibility, the McDonald’s social responsibility report is “a low water mark for the concept of sustainability and the promise of corporate social responsibility. It is a melange of homilies, generalities, and soft assurances that do not provide hard metrics of the company, its activities, or its impacts on society and the environment. . . . The McDonald’s Social Responsibility Report is like Ronald McDonald—a fantasy. It presupposes that we can continue to have a global chain of restaurants that serves fried, sugary junk food that is produced by an agricultural system of monocultures, monopolies, standardization and destruction, and at the same time find a path to sustainability. . . . Nothing could be further from the idea of sustainability than the McDonald’s Corporation.” ■

KETCHUM (THE UN'S PR FIRM) TACKLES CORPORATE RESPONSIBILITY

by Sheldon Rampton

Like a number of leading PR firms, Ketchum has eagerly joined the bandwagon selling “corporate social responsibility” (CSR) as the best thing promising to transform the planet since—well, since the dot.com revolution.

In early 2001, Ketchum joined the United Nation’s Global Compact, a set of voluntary principles through which businesses pledge to support human rights, labor and the environment. Ketchum has also been a long-time member and supporter of such groups as Business for Social Responsibility.

In January 2002, the company announced the launch of an international team called “Ketchum Corporate Social Responsibility,” staffed in the United States by John Paluszek, Gavin Power and Erika Gabrielsen. In London, Ketchum’s CSR practice is led by Richard Aldwinckle and Yasmin Crowther; in Hong Kong, by Denise Kaufmann.

Ketchum heralded the launch of its CSR team in a news release describing corporate social responsibility as a “21st century management philosophy that advances commercial and financial success by demonstrating respect for ethical values, people, communities, and the physical and social environment.” The news release also boasted of Ketchum’s “decades-long tradition as an agency that believes in responsible commercial success. As far back as the 1970s, Ketchum was authoring thought pieces on the importance of socially responsible business and stakeholder relations.”

Indeed it has. Here are some highlights from Ketchum’s decades of “responsible commercial success”:

RESPONSIBLE FOR SMOKING

In the 1970s and 1980s, Ketchum worked for the Brown & Williamson and R.J. Reynolds tobacco company. It drafted advertising copy denying the link between smoking and disease, and promoted the idea (since discredited) that B&W’s low-tar cigarettes are safer than other brands

Ketchum used the rhetoric of corporate responsibility while coordinating tobacco promotional events such as the KOOL Jazz festival. “By acquiring the name rights and sponsorship of the KOOL Jazz festival, Brown & Williamson, through KOOL cigarettes, established itself as a *responsible corporate citizen* in providing the financial support to continue a tradition of high quality entertainment to millions of Americans,” states a 1981 Ketchum strategy document (emphasis added). In 1984, Ketchum’s responsibilities at the jazz festival included serving “as troubleshooter for any sensitive issues regarding smoking and health posed by the media.”

In addition to its work for B&W, a 1988 contract signed by Ketchum senior partner Lorraine Thelian shows that Ketchum also worked on a “new product PR plan” for the R.J. Reynolds tobacco company. Thelian’s name is noteworthy because she is a long-standing member of the board of directors of the American Council on Science and Health (ACSH), a business-funded organization that takes pro-industry positions with respect to issues such as food safety, pesticide use and environmental health. However, ACSH has taken a strong position against the dangers of smoking.

RESPONSIBLE FOR UNSAFE FOOD

Ketchum has frequently turned to ACSH for help in its efforts to downplay health problems associated with its clients. In 1990, for example, ACSH president Elizabeth Whelan joined a behind-the-scenes Ketchum campaign to undermine science writer David Steinman’s book, *Diet for a Poisoned Planet*, which had offended the California Raisin Advisory Board (CALRAB) by documenting high levels of pesticides in raisins.

With coaching from Ketchum, Whelan wrote a letter to then-White House Chief of Staff John Sununu warning that Steinman and others “who specialize in terrifying consumers” were “threatening the U.S. standard of living and, indeed, may pose a future threat to national security.” Her letter was copied to the heads of the Food and Drug Administration, Department of Agriculture, Department of Health and Human Services, Environmental Protection Agency, and the U.S. Surgeon General. The USDA joined efforts at “minimizing potential public concern about issues in the book.” A scientist at the U.S. Environmental Protection Agency, who wrote the introduction to *Diet for a Poisoned Planet*, was pressured to withdraw his name from the book and later fired.

Details of the Ketchum campaign against Steinman surfaced when a whistleblower leaked documents including an internal memo by Betsy Gullickson, a Ketchum senior vice president. In the memo, Gullickson plotted to obtain a prepublication copy of the book manuscript and a schedule of Steinman’s upcoming book promotional activities “so that we can ‘shadow’ Steinman’s appearances.” Ketchum operatives telephoned talk shows that were planning to interview Steinman, depicting him as an “off-the-wall extremist without credibility” and attempting to persuade the programs to cancel the interviews altogether.

Ketchum has represented many clients in the food industry, including the California Almond Board, Dole Foods, H.J. Heinz, Kikkoman, Miller Brewing, the National Meat & Livestock Commission, Nestlé, Oscar

Mayer Foods, the Potato Board, Stouffer's, and Wendy's restaurants. On behalf of the California Prune Board, it renamed prunes as "dried plums," the name by which you are likely to find them in the supermarket today. Ketchum also designed the Beef Industry Council's 1985 "Beef Gives Strength" advertising campaign, which deceptively portrays beef as a health food while ignoring the fat content of most red meats.

In 1992, Ketchum and the American Egg Board sponsored a seminar for health writers, titled "Risk Communication: Challenge for the 1990s," which attempted to downplay the risks from cholesterol in eggs (whose yolks add more cholesterol to the average American's diet than any other single food). The seminar included a report describing an 88-year-old man who had eaten 25 eggs daily for more than a decade and had a normal blood cholesterol level.

RESPONSIBLE FOR TOXINS

Ketchum's Washington office, where Lorraine Thelian works, handles most of the firm's "environmental PR work" on behalf of clients including the American Automobile Manufacturers Association, the Aspirin Foundation of America, Bristol Myers Squibb, the Consumer Aerosol Products Council, Dow Chemical, the National Pharmaceutical Council, the North American Insulation Manufacturers Association, and the American Industrial Health Council, an industry-funded group that lobbies against what it considers "excessive" regulation of carcinogens. Ketchum boasts that the D.C. office "has dealt with issues ranging from regulation of toxins, global climate change, electricity deregulation, nuclear energy, product and chemical contamination, and agricultural chemicals and Superfund sites, to name but a few."

In 1991, Ketchum was embarrassed by a whistleblower who faxed to Greenpeace a copy of the PR firm's "crisis management plan" prepared for the Clorox Company to counter situations in which Clorox might come under fire from environmental groups. The plan recommended labelling environmental critics as "terrorists," threatening to sue "unalterably green" journalists, and sending "scientific ambassadors" on media tours to counteract bad publicity.

In 1994, Ketchum's D.C. office worked on behalf of Dow and the Chlorine Chemistry Council to round up scientists who would challenge the U.S. Environmental Protection Agency's report on the health effects of dioxin. Even before the report was released, Ketchum swung into action with a thirty-city PR blitz designed to undercut press coverage for the EPA report. "We identified a number of independent scientists and took them on the road" to meet with journalists, academics, political lead-

ers and local health officials, said Mark Schannon, an associate director of Ketchum's Washington office. "Basically what we're trying to do is assure that industry's voice is heard by people who make policy decisions both here and around the country," Schannon said.

RESPONSIBLE FOR LAWSUITS

In addition to its "corporate social responsibility" division, Ketchum also has a division that specializes in "litigation communications" (helping corporations when they get sued). The litigation division is headed by Karen Doyne, who has managed mass-tort battles over silicone breast implants, diet drugs, antitrust allegations and civil rights. Ketchum also has a "workplace communications practice" (a euphemism for union-busting).

In December 2001, Ketchum hired former Republican congresswoman Susan Molinari as CEO and head of its Washington Group, a lobby shop that has done work for clients including Boeing, Bridgestone/Firestone (famous for its disintegrating tires), Kodak, Microsoft, and the E-Fairness Coalition (which represents retail outlets including Walmart in their campaign to ensure that internet vendors like Amazon.com pay the same taxes as bricks-and-mortar outlets).

Molinari also serves as the figurehead for another Ketchum client, Americans for Consumer Education and Competition (ACEC), a front group created to defend the VISA credit card company when it became the target of a U.S. Justice Department antitrust lawsuit in the spring and summer of 2000. Molinari sent around an op-ed piece to U.S. newspapers, claiming that "we could all be spending more for credit card transactions" if the lawsuit succeeded. Left unstated was the fact that Molinari was a registered lobbyist for ACEC (which had been created a month before the trial), and that its sole funder was VISA.

Other Ketchum clients have included the Christian Children's Fund, Consolidated Gas System, Pittsburgh Paints, Tappan, and Westinghouse. The Arthur Andersen accounting firm was a Ketchum client until the Enron crisis hit, at which point Andersen dropped Ketchum and switched to crisis expert Chlopak, Leonard, Schechter.

Ketchum has also worked for pharmaceutical companies, for whom it helped defeat a plan floated by the Clinton administration for universal purchasing of vaccines for children. "The issue is not universal purchase, but education: finding ways of persuading more parents to get their children vaccinated," rationalized Ketchum's Lorraine Thelian—as though the cost of vaccines has nothing to do with parents' decisions. ■

CORPORATE SOCIAL RESPONSIBILITY AND THE CRISIS OF GLOBALIZATION

by Sheldon Rampton

Three trends related to globalization are driving the rise of “corporate social responsibility”: the rising protest movement against economic globalization, the “war on terrorism” that began on September 11, and recent corporate scandals.

The concept of “globalization” has multiple meanings. Corporations and their PR firms view globalization primarily in terms of the economic opportunities associated with opening local markets to international trade and investment. However, the “anti-globalization” movements which have arisen in response to corporate globalization are themselves global in scope. Activists from throughout the world shared information via the Internet during the “Battle of Seattle” in 1999, in which a broad range of environmental, labor and social activists challenged the World Trade Organization.

The issues addressed by the topic of corporate social responsibility are also global. In March 2002, Sustainability, a British corporation which encourages activists to dialogue with companies embroiled in environmental and human rights controversies, issued a report titled “Good News and Bad: The Media, Corporate Social Responsibility and Sustainable Development.” The report, produced in cooperation with the Ketchum PR firm and the United Nations Environment Program, covered issues including “biodiversity, child labor, climate change, corporate social responsibility, endocrine disruptors, genetically modified foods, globalization, green politics, the growth of megacities, ozone depletion, recycling, renewable resources, socially responsible investing, sustainable forestry, and urban air quality.”

From the point of view of “anti-globalization” protestors, these issues demonstrate why corporations cannot be trusted to oversee the emerging new global order. From the point of view of corporate leaders, however, corporate social responsibility is important precisely as a vehicle for reassuring the public that corporate globalization is a good thing. According to Ketchum CEO Ray Kotcher, in fact, the lesson to take away from “Good News and Bad” is that the *media* needs to be “more socially responsible” by taking “a more active role in communicating the benefits of globalization.”

THE BOTTOM LINE

Ketchum chairman David Drobis offered similar views at a November 2001 summit organized by the International Communications Consultancy Organization (ICCO). Drobis declared that the “new global imperative for public relations” was “confidence building to save globalization” by targeting three groups: “the private sector, non-governmental organizations and international institutions.”

One of the main sources of globalization, he said, is the view among activists that “international capitalism is nothing more than a byword for oppression, exploitation and injustice by rapacious multinationals. In their view, companies will stop at nothing to maximize profits even if it means degrading the environment, abusing workers, exploiting third-world markets and committing a host of other sins.” Drobis called these “harsh and unfair claims” but added, “The problem is that companies have done little to disprove these allegations.”

“Proving the business case is the surest way to erase perceptions that ‘corporate social responsibility’ is an empty PR bolt-on.”

—Ketchum Chairman David Drobis

The best way to disprove these allegations, Drobis said, was to demonstrate that there is a positive correlation between social responsibility and profitability—that, in other words, companies have no reason to behave badly, because the profit motive itself is driving them to behave well. “Proving the business case is the surest way to erase perceptions that ‘corporate social responsibility’ is an empty PR bolt-on,” he said.

A second way to build support for globalization, Drobis said, was to “build confidence with the second important group in this communications strategy: non-governmental organizations, many of whom are openly hostile toward the private sector.” In fact, he said, “The NGO community has also become an important seal of approval for companies and brands. . . . Among the NGOs that are engaged in such partnerships: Greenpeace, the World Wildlife Fund, and the Forest Stewardship Council.”

But Drobis drew a distinction between NGOs “which are downright militant” and “the moderate, 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.” As an example of a “moderate, clear-thinking NGO,” he pointed to the World Wildlife Fund, which “is pursuing a vigorous and successful communications strategy” to achieve its goals. “These activities are our bread and butter,” Drobis said, adding that ICCO members should be “working with NGOs or encouraging these groups to communicate more effectively.” ■

THE INTERNATIONAL CHAMBER OF COMMERCE AND THE MECHANICAL BULL

by Laura Miller

“Did I tie this right?” an Asian businessman asked me, pointing at a red bandana around his neck. I had just been watching the milling international crowd. It was an amusing scene—the world’s business elite tying red and blue bandanas around their necks, posing for pictures atop mechanical bulls and with costumed “Old West” show girls, queuing up for barbecued ribs and chicken, all leading up to a rodeo exhibition sponsored by Coors Brewing, 3M, and Wells Fargo.

The site for the evening’s festivities was a rodeo arena in Denver, Colorado surrounded by train yards, grain elevators, and stockyards. It was a bit of a contrast from the air-conditioned, conference-center environs where actual meetings were held and plans were discussed during the 34th World Congress of the International Chamber of Commerce (ICC). The ICC’s May meeting brought together nearly 700 corporate participants from 72 countries to remind themselves, or perhaps convince themselves, that liberalized markets and free trade will save the world.

Like the pictures taken alongside the mechanical bull, however, the conference itself was largely a staged event. Nobody actually wanted to *ride* the bull, and nothing of substance seemed to happen at the conference. The documents that came out of the conference had all been written beforehand. Decisions were made in advance by small committees.

The Hong Kong businessman in the red bandana told me that this was his first ICC conference. He was impressed by the attention which China, and Asia in general, were receiving. Until now, US and European corporations have controlled the business lobby group, whose main office is in Paris. But with China’s entry into the World Trade Organization (WTO), eyes have shifted to the East. Still, Asia did not dominate the main discussions of the meeting. Instead, central honors were reserved for rhetorical commitments to the world’s poor (none of whom were actually present, of course). The needs of the poor, we were told, can best be served by promoting “corporate responsibility.”

During the three-day conference, I heard much from businessmen about corporate social responsibility, the World Summit on Sustainable Development in Johannesburg, and private sector partnerships. Conference participants seemed genuine in their concern about environmental degradation, hunger, poor sanitation and lack of drinking water for the world’s poor. Many sincerely believed that companies can improve these conditions and find ICC’s promotion of corporate responsibility reassuring, especially as they face criticisms from non-governmental organizations (NGOs) and protests at

large globalization meetings. Unfortunately, the ICC was vague on specifics of *how* it could address these problems.

WHOSE RESPONSIBILITY IS IT?

“A growing number of companies approach corporate responsibility as a comprehensive set of values and principles,” says a glossy ICC pamphlet, “which are integrated in business operations through management policies and practices and decision-making processes. ICC proposes the following definition of corporate responsibility from a business perspective: ‘The voluntary commitment by business to manage its activities in a responsible way.’”

Voluntary initiatives will work, the ICC argues, because the drive for profits will itself motivate companies to behave responsibly.

The pamphlet containing these phrases was distributed prior to a large panel discussion titled, “Responsible business conduct—to whom should business be answerable?” The moderator opened the discussion by saying that the definition of “responsible” business is open to different interpretations from CEOs, NGOs, businesses, and the governments of developed and developing nations. The ICC pamphlet agrees: “There is no single, commonly accepted definition of the concept of corporate responsibility, also referred to as corporate social responsibility, responsible business conduct, corporate citizenship, voluntary corporate initiatives, etc. ICC prefers the terms responsible business conduct and voluntary corporate initiatives.” The pamphlet’s definition of good behavior also avoids any statements on ethics or universal human rights. It states, “ICC applauds the primacy accorded to human rights by the United Nations; however, the making and enforcement of laws for protecting human rights are tasks for governments.”

This lack of definition and emphasis on “voluntary” initiatives clearly suits the public relations objectives of corporations, which want to create a feel-good aura for themselves while avoiding any specific, verifiable commitments that might constrain their behavior. The ICC’s preferred terminology—“responsible business conduct”—omits the “social” from “social responsibility,” a subtle but telling indicator of the limitations to its vision. The more I listened to the speakers at the ICC conference, the more it seemed that businesses’ primary responsibility was simply to succeed in business.

The panel discussion on responsible business featured scant self-reflection about *bad* business conduct. Instead,

the spotlight was on companies that already claimed to be practicing corporate responsibility. Panelists offered different interpretations of the concept, but all agreed that it must be undertaken on a *voluntary* basis.

Voluntary initiatives will work, the ICC argues, because the drive for profits will itself motivate companies to behave responsibly. “Responsible business conduct may place companies in a more favourable legal and political environment, improve their public image, give them a strategic advantage over competitors in the long-term and help them to make their management systems more effective,” it says.

THOSE CRAZY PROTESTERS

“I often tell people we’ve got the wrong target when we target multinationals as the problem. We have to make them vectors of solutions,” said ICC Secretary General Maria Livanos Cattai during a press conference meant as a pre-emptive strike against a demonstration planned by organized labor. If there are problems for workers, she said, the International Labor Organization is where they should be addressed and not the ICC. “[I]f that forum isn’t working, fix the forum. Don’t keep adding new international organizations when there’s one out there. Fix the forum,” Cattai said.

ICC spokesman Bryce Corbett repeated the common “we’re misunderstood” theme. “These kinds of protests go in with the best intentions, but they’re maybe a little ill informed,” he told *Business News*. “I don’t think they have any clue what’s going on inside the meeting there.”

The protesters, of course, hadn’t been invited, and in fact considerable resources were devoted to keeping them out. According to the *Rocky Mountain News*, Denver spent nearly \$1 million on security for the conference, which was held in a downtown hotel behind steel crowd-control fences and surrounded by police. I was able to get in as an accredited journalist, but I had to show a photo ID, have my bags searched and step through a metal detector to get into the hotel lobby.

About 500 union members, community activists, and anarchists demonstrated against the ICC meeting. The protest featured speakers from El Salvador and Mexico who have not seen the “wealth” promised by free-market boosters. They described wages too low to live on, uncertain and abusive working conditions, jobs lost to privatization, and retaliation for unionizing. Far from misunderstanding the work of ICC, demonstration organizers link these problems to the trade policies supported by ICC.

“We’ve just become familiar [with ICC] over the last few weeks,” said Denver Area Labor Federation president Leslie Moody. “We’ve read a lot of the stuff that

they have on their web site—some of the policies that they advocate for. A lot of it really is contrary to what we advocate for in terms of protecting workers and having government and business work together to improve working standards.” Moody disagreed with ICC’s emphasis on *voluntary* corporate responsibility. “We want to make sure that there is some standard that’s being upheld across borders when business is talking about how to grow,” she said.

ICC worked hard to be accessible to media before, during and after the demonstration, and panelists at the conference inside spoke with a great deal of knowledge about the media and their desire to be involved in shaping public opinion. Public relations techniques, such as labeling critics “irrational” and using “independent” third party advocates, were also evident.

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—ICC spokesman Bryce Corbett

“The total organization of the economy and our business’ future is at stake,” said François Perigot, president of the International Organization of Employers and former chair of the European business lobby UNICE. “Convincing opponents is a formidable task. First of all, because they don’t care what we are saying. . . . The more you talk, the more you say, the more evidence you give, they don’t believe. They have other evidence. So I say the direction is very, very limited. Secondly, because their attitude is not only irrational, but is totally emotional, there is very little you can do against emotion. How can you discuss with emotional people? These movements are purely emotional.”

THE SKEPTICAL ENVIRONMENTALIST

Another critique of NGOs came from Bjørn Lomborg, the associate professor of statistics at the University of Aarhus (Denmark) whose book, *The Skeptical Environmentalist*, has made him a current darling of the anti-environmental right wing. Lomborg, whose attempt to debunk environmental groups like Greenpeace has been panned in leading scientific publications including *Science*, *Nature* and *Scientific American*, has nevertheless been knighted as a “global leader for tomorrow” by the World Economic Forum.

Like the labor protesters outside, NGOs were also not invited to the ICC congress but were often mentioned as a source of concern regarding public opinion. "It's important to say that sometimes NGOs overinterpret or falsely represent data, but mostly they actually use data fairly reasonably," Lomborg admitted. "The thing that I'm trying to point out is that NGOs are like business organizations. They are interest groups. They are basically trying to promote an interest."

The problem, Lomborg said, is that NGOs have more credibility than corporations in public debates, because the public perceives business claims as self-serving. "The problem is that most people actually believe them [NGOs] above government scientists and university researchers. And there is a clear failure to understand that these are also interest groups, and we should certainly hear them, but we shouldn't necessarily take them as purveyors of the proverbial truth."

THE WTO NEEDS YOU

The success of the World Trade Organization's new round of talks, launched at their November 2001 meeting, was of much concern to many conference panelists. ICC members were urged to do everything they could to shore up the credibility of the WTO. "The WTO needs the champions in the private sector to defend and promote the very mission statement that is the WTO," said WTO General Counsel chairman Sergio Marchi. "This is where ICC members can help. Political leaders cannot make tough choices required if public only hears the critics and support for trade is cool. Citizens, businesses and governments must build support for WTO's work."

Marchi admitted that WTO's operations are "antiquated" in terms of "engaging and transparency and releasing of documentation." But, he said, "The WTO should strive to reform those procedures." While saying that governments need to take the lead on transparency, Marchi believed the WTO's image would benefit by supporting governments in doing so. "If in fact the WTO is as important as we say it is," Marchi said, "it needs to complement the work of national governments in terms of transparency and therefore facilitating greater public support in return."

WHAT IS CHANGING? AND WHAT ISN'T?

"The world's expectations of us are changing," said Lord Holme of Cheltenham, an advisor to the Rio Tinto mining company, chairman of the ICC Environment Commission, vice-chair of Business Action for Sustainable Development, and a member of the World Business Council for Sustainable Development. With more infor-

mation instantly available from all corners of the world, he said, business leaders are experiencing "less deference and trust" and "more cynicism and suspicion of actions of powerful entities."

Citizens of developed countries are actively and effectively challenging business in the court of public opinion. In this context, ICC's embrace of "corporate responsibility" is a strategic, defensive move aimed at co-opting the language of NGOs.

But do words like "transparency," "accountability," "principles," "responsibility" and "inclusivity" signify a real change in business practices? While these broad ideas were floated by panelists, meaningful definitions of the words and how they should be practiced were lacking. Speakers at the ICC Congress claimed that trade liberalization will decrease poverty but never provided any evidence to support this contention and were quick to assign blame elsewhere when alluding to failures of current and past liberalization policies.

The main change that was evident at the ICC Congress was that transnational corporations, in particular the industry giants, are feeling increased pressure to defend their enormous control over wealth and resources. They need to convince the world that increasing disparity and environmental degradation aren't that bad and that what are beginning to look like corporate fiefdoms are somehow beneficial to all, and not just to the few who rule them.

THE ROAD TO JOHANNESBURG

The ICC's newfound preoccupation with "responsibility" is part of a corporate PR buildup to the 10th anniversary of the United Nations' World Summit on Sustainable Development (WSSD), also known as Rio+10. The WSSD, scheduled for August 26-September 4, has been billed as a 10th anniversary follow-up to the UN's Earth Summit held in Rio de Janeiro in 1992.

The WSSD is seen by some activists as an opportunity to "re-dedicate ourselves to the goals of Rio and to avoid the mistakes made since the first Earth Summit." The business community, however, sees the event as an opportunity to advance its own power in controlling the affairs of the world and undermine any attempt to place binding controls on international business activities.

According to Shell's Philip Watts, WSSD "is a vital opportunity for the international community to demonstrate it can take practical steps to ensure all benefit from sustainable development. Business needs to show it can be a partner in that journey." Watts told ICC members that the themes of their conference — trade, technology and partnership — are "an excellent basis" for conceptualizing that partnership.

As the key to sustainable development, the business lobby is heavily promoting “partnerships” between business and NGOs, the UN, local governments, trade unions, and communities. The “voluntary action” agenda is represented by the Business Action on Sustainable Development (BASD), a joint project of the ICC and the World Business Council for Sustainable Development.

Louise Fréchette, UN Deputy Secretary-General, told the ICC that the “doors to the United Nations are open as never before to the vast and dynamic constellation of non-state actors. The Secretary General has made it one of his main priorities to see that this trend continues. So let there be no mistake, the UN needs the world’s business men and business women as creators of wealth, as promoters of trade, investment and stable markets, as innovators in the development of new technologies, in short, as full partners in our global mission of peace and development.” Fréchette added that the new partnership marks “a new recognition by the UN and the private sector alike, not only that business can do a great deal for the United Nations, but that a strong United Nations is good for business.”

A stronger embrace of business by the UN can scarcely be imagined. “It is quite natural for the United Nations and the private sector to join forces,” Fréchette said. “I’m pleased to say that the partnership with the ICC has already yielded some very positive results. Together the ICC and the United Nations conference on trade and development have created guides designed to steer foreign investment to some of the world’s poorest countries.”

Sir Mark Moody-Stuart, former chair of Royal Dutch/Shell group and current chair of BASD, spoke at an ICC panel discussion titled “Sustainable solutions for business and the environment.” He told ICC members that business participation was welcomed at preparatory meetings leading up to the Johannesburg summit. Meeting the goals set out at Rio is a “huge task and we’re only just starting,” he said. He was concerned, however, by the number of demands coming out of the “multi-stakeholder dialogues” leading up to the summit, which he characterized as “much less dialogues than a series of position statements or wish lists. This structure is not easy to handle.”

Moody-Stuart was joined by Rio Tinto’s Lord Holme of Cheltenham, who is also co-chair of BASD. Holme agreed that partnership initiatives are the best way to promote sustainability and took another dig at environmentalist demands for enforceable standards on international business conduct. Holme was the only pan-

elist to mention Friends of the Earth by name and alluded to a proposal that FOE is spearheading for international negotiations to create enforceable standards. Holme characterized FOE’s position as naïve, arguing that global standards would fail to make distinctions across sectors or between global regions, imposing a “one-size-fits-all” straitjacket on corporate behavior.

DON’T WORRY, BE HAPPY

Skeptical Environmentalist author Bjørn Lomborg also participated in the panel with Moody-Stuart and Holme and was a clear audience favorite. He elicited giggles and applause during his presentation on the state of the environment. Lomborg’s basic argument is that things are not so bad with the environment, and if anything, they are getting better. By recognizing this “fact,” he argues, “better” decisions can be made about “sustainable” development.

“You should make sure we focus on the important issues,” Lomborg said. “Those are poverty and starvation and, not in the first place, environment. That will come when people get sufficiently rich. Basically, what matters is that we make sure the poor countries get allowed to trade.”

Lomborg admitted, however, that his recommendations were likely to elicit skepticism from the public. “Everyone is going to say, ‘ah, of course, business.’ And so there really is a selling problem, a PR problem,” Lomborg said. “But I do also honestly believe that just only because people can’t possibly level a suspicion at you, it shouldn’t prevent you from advocating the right thing.”

As public scrutiny of corporate activities continues to increase, international business will want more than ever to be perceived as doing the right thing. ICC and other business lobbies will do all they can to ensure their members and constituents are seen as not needing regulation and as capable of being good corporate citizens. ■

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