

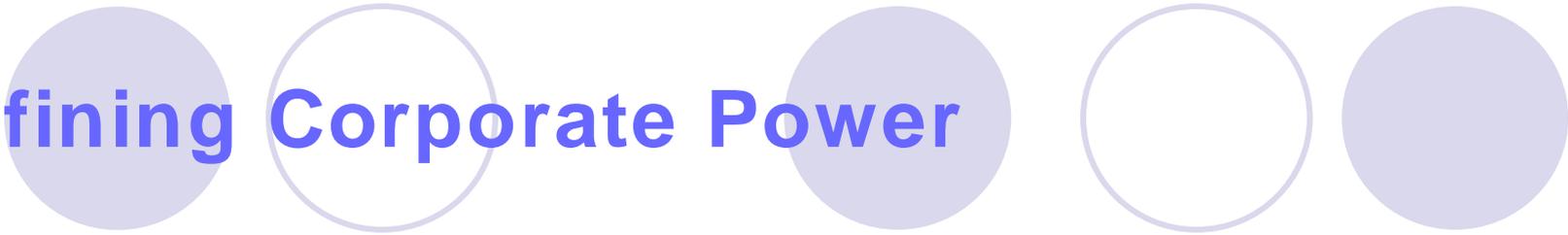


# **Understanding the Role of Global Corporations: The Contribution of Development Education**

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# Overview: DE & Global Corporations

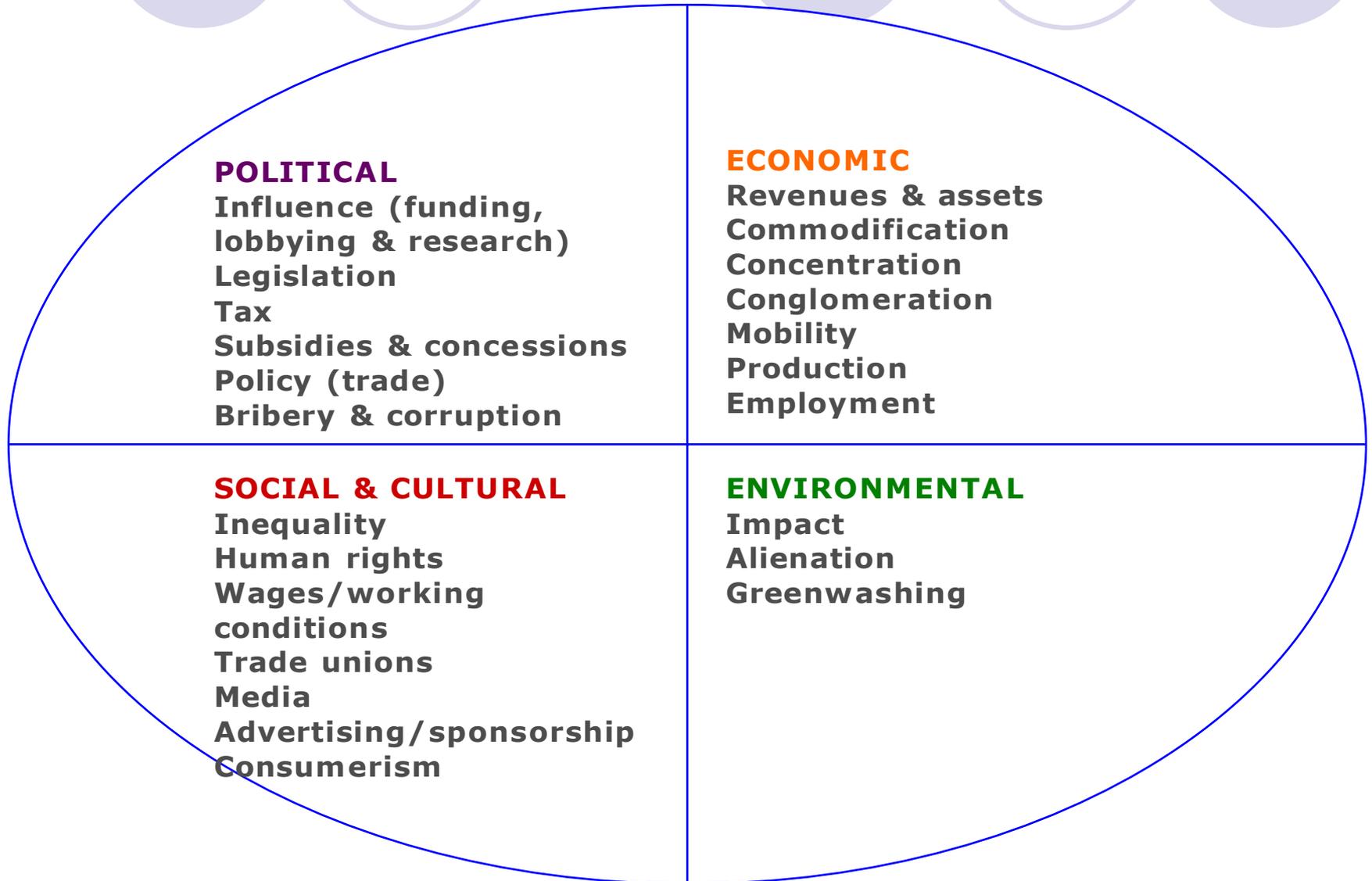
- Understanding corporate power should be central to development education's aims of:
  - enabling people to understand global development issues
  - enabling active and effective global citizenship
- DE can support:
  - A deeper understanding of how global corporations secure and sustain their power
  - Skills & knowledge development for critical engagement with global corporations to promote justice/sustainability
  - Building a global civil society that demands corporate accountability and supports ethical economics/business

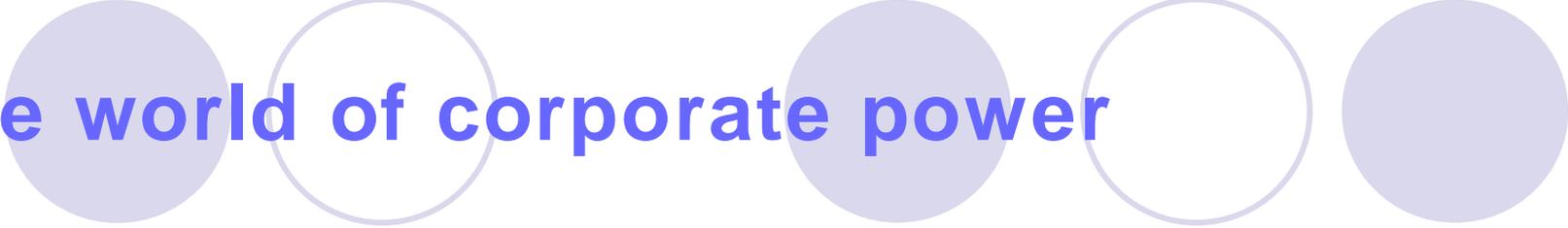


# Defining Corporate Power

- **ECONOMIC** - control that global corporations have on world trade, financial markets, technology, patents, intellectual property rights and the media.
- **POLITICAL** - influence that global corporations have on national governments and regional governance structures (e.g. the EU) and national and international economic and social policies.
- **SOCIAL & CULTURAL** - influence that global corporations have on people's attitudes, values and lifestyle choices through media control, advertising, branding and sponsorship, and the impact they have on people's wellbeing in terms of rights, health, income, employment and working conditions.
- **ENVIRONMENTAL** – impact that global corporations have on the natural environment.

# The world of corporate power





# The world of corporate power

- POLITICAL

- The power of the corporation is enabled by their legal status and protected by limited regulation
- Global corporations employ the services of at least 30,000 lobbyists in Washington and Brussels
- 'Revolving door' between business and government
- Tax avoidance: 98 of FTSE 100 companies use tax havens [Barclays has 1,069 subsidiaries, 385 in tax havens with 174 in Cayman Islands; KPMG in 47 out of 60 recognised tax havens].
- Total revenue losses to countries in the global South from corporate tax avoidance are estimated to be at least \$50 billion per year.

# Global corporations & 'development': good?

*"If there was  
more of  
Africa we'd  
be investing  
in it"*



*"Africa is good for  
business...returns  
on investment are  
among the highest  
in the world" BAFA*

Graham Mackay, CEO, SABMiller plc, one of the world's largest brewers, has announced the launch of the first ever commercial-scale cassava-based beer brewed in Mozambique. SABMiller won nearly \$1 million funding from the Africa Enterprise Challenge Fund for the project, partnering with FARM-Africa to create long-term market opportunities for around 2,000 smallholder farmers.

[Business Fights Poverty/Business Action for Africa]

# Global corporations & 'development': or bad?

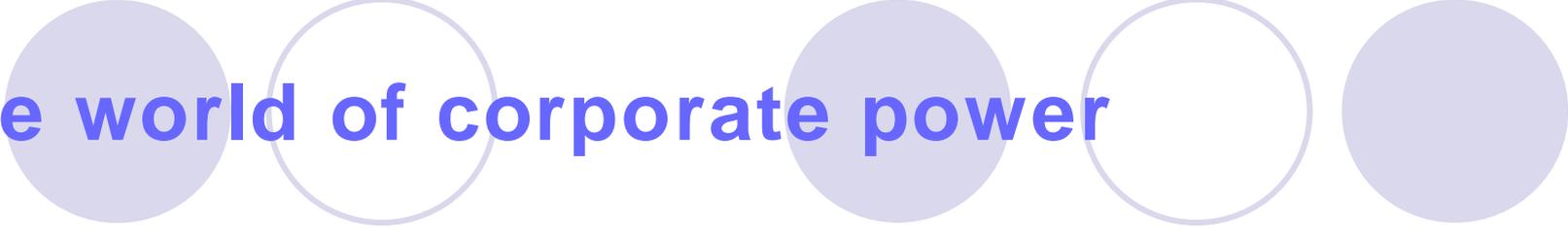
*"I don't believe it. We small businesses are suffering from the authorities. If we don't pay, they come [to lock our stalls] with a padlock"*



Tax authorities in 5 African countries are investigating SABMiller.

In the slum next to the SABMiller Accra Breweries factory, Marta Luttgrodt sells beer in her shop. She works over 12 hours every day to support two children. She has paid more tax to the Ghanaian government than the giant global corporation next door whose UK parent company declares profits of £2 billion+ a year.

[Action Aid]



# The world of corporate power

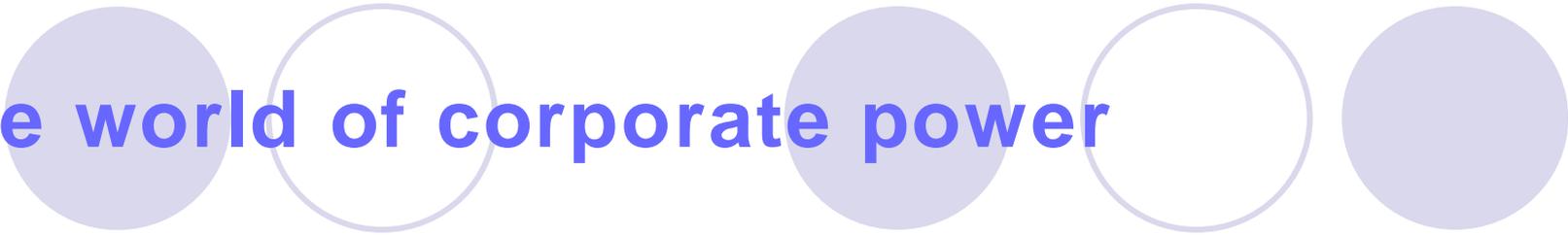
## ● ECONOMIC

- In 2010 world GDP (188 countries) was \$63 trillion. The combined revenues of the 500 largest corporations totalled \$26 trillion. This equates to sales of \$3,758 for every individual on the planet.
- While the 200 largest global corporations control 28% of global trade they employ less than 1% of the global workforce, which both increases their mobility and reduces production costs.
- In 2009, the Madagascar government agreed to lease half the country's arable land to Daewoo for 99 years to grow corn and palm oil. The resultant protest led to civil war, overthrow of the government and cancellation of the deal.

# The world of corporate power

## ● SOCIAL & CULTURAL

- The rise of global corporations has coincided with a dramatic increase in the levels of inequality between the richest and poorest in society. The income gap between the 20% of the world's people living in the richest countries and the 20% in the poorest has increased from 30 to 1 in 1960, to 60 to 1 in 1990 and 74 to 1 in 1997.
- More than 50% of the world's assets are owned by the richest 2%, while the bottom half of the world's population own only 1%.
- In the UK the share of income of the top 1% has increased from 7.1% in 1970 to 14.3% in 2005. Half the top 1% of high earners work in financial services. Top 10% have incomes 12 times greater than bottom 10%, up from eight times greater in 1985. In Brazil, Russia, India and China, the ratio is 50 to one. [OECD]



# The world of corporate power

## ● ENVIRONMENTAL

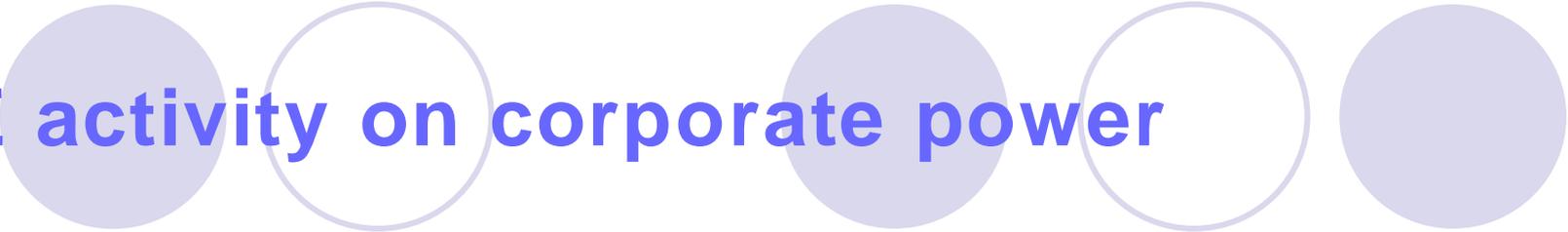
- Wealth and technology is expanding the ability of industry to exploit the Earth's natural resources. Global corporations, particularly those in the extractive industries, are responsible for the most destructive environmental projects on the planet.
- A recent study calculated the environmental damage of the three thousand top global corporations at \$2.2 trillion dollars.
- We are living in an era of the fastest mass extinction of species in Earth's recent history and dramatic climate change that is hitting the poorest hardest.

# From corporate social responsibility to global corporate citizenship

- *“Global corporate citizenship refers to a company’s role in addressing issues that have a dramatic impact on the future of the globe such as climate change, water shortages, infectious diseases, and terrorism. Other challenges include providing access to food, education, and information technology; extreme poverty; transnational crime; corruption; failed states; and disaster response and relief” (Schwab 2010)*
- The rationale for engagement of corporations as ‘global citizens’ is the diminishing role of the nation state with corporations becoming *“integral to the survival of governments and the political stability of nations and regions” (Schwab 2010)*
- Corporate global citizenship does not however represent a philosophical departure from the economic self-interest of CSR. It is more concerned with seeking to gain consent for global corporations’ political role in global affairs.

# DEC & NGO research on corporate power

Terminology	DECs	NGOs
Corporate power	68%	80%
Corporate accountability	5%	40%
Corporate responsibility	46%	20%
Corporate citizenship	0	0
No term	29%	0



# DE activity on corporate power

- Exactly half of the DEC respondents indicated that their organisation has done educational work on issues of global corporations and power. Responses suggest that activity has decreased in recent years.
- Only 19% of DEC respondents have produced educational resources relating to corporate power. More have run training courses or workshops (39%) or produced lesson plans (23%).
- 70% of NGO respondents have produced educational resources and 60% have delivered training courses or workshops

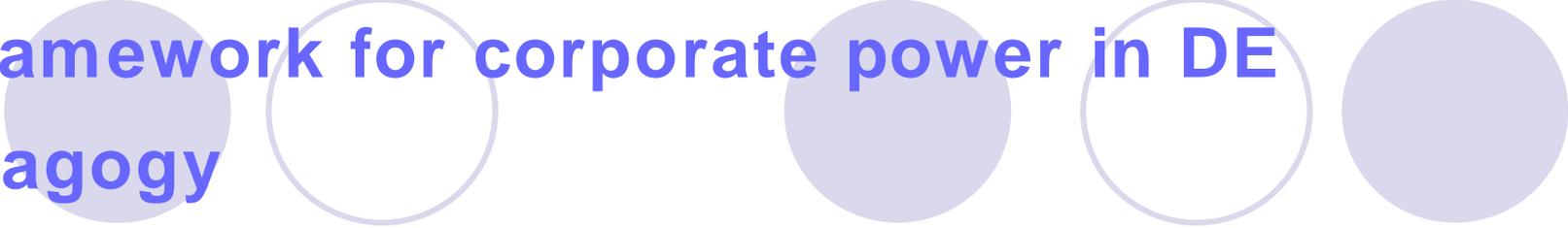
# Constraints to DE activity on corporate power

- Capacity and expertise
  - *Difficult to keep properly up to date with corporate issues and factual information to make sure the activities are right. This is costly in staff time, and means that these activities become simplified.*
- Priorities
  - *As a small organisation we are largely driven by what schools want and they don't come up with this.*
- Politics
  - *The DE sector is so conservative; reluctant to challenge power with a few honourable exceptions.*
- Funding
  - *Issues to do with corporate power are not popular with funders however we do think it is of increasing importance in today's society.*

# Priority of corporate power for DE

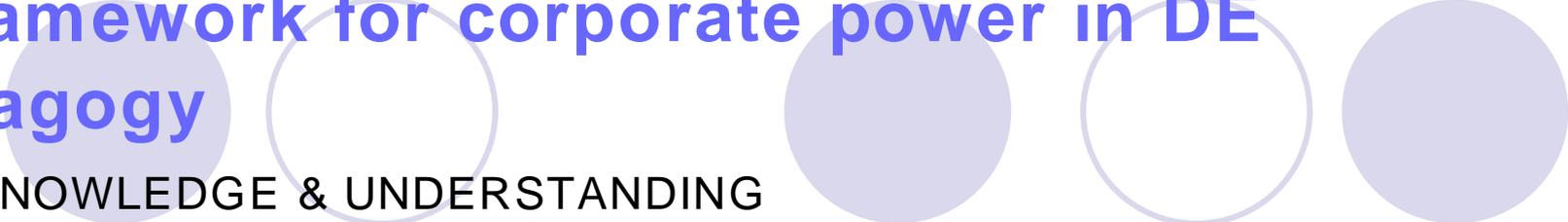
- There was a unanimous response from both DECAs and NGOs that issues of corporate power should be given more priority in DE:
  - *The current economy is unsustainable and corporate power is a big part of the problem. If we don't curb some of what is happening we will be leaving a bad future for the children we are currently asking to be good global citizens.*
  - *The world cannot be properly understood without understanding the central part that corporate power plays.*
  - *If the main aim of development education is to work towards a fairer and more sustainable world it is imperative that issues of corporate power be explored, discussed and challenged.*

# A framework for corporate power in DE pedagogy



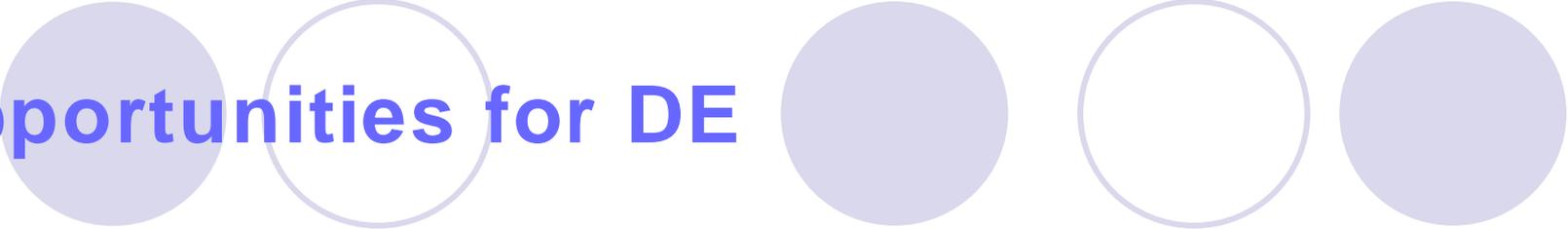
- Existing pedagogical frameworks for DE can readily be applied to enabling people to critically analyse and assess the role of global corporations in society:
  - to consider our relationships with global corporations as citizens, consumers and workers;
  - to express empathy and solidarity with communities damaged by and challenging corporate abuses of power;
  - to take collective action to help ensure that the operations of global corporations are ethical, equitable, just and environmentally sustainable.

# A framework for corporate power in DE pedagogy

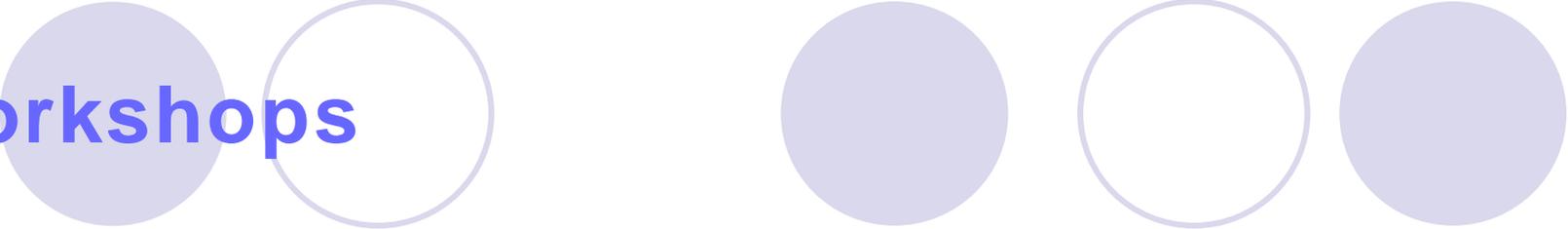


- KNOWLEDGE & UNDERSTANDING
  - The history of corporations, including their involvement in colonialism
  - The legal status of corporations
  - The political, economic, social, cultural and environmental dimensions of corporate power
  - The positive and negative impacts of global corporations on society and the environment
  - The role of corporations in education
  - The scope for ethical corporate behaviours
- SKILLS
  - Thinking critically about complex issues
  - Giving space to different perspectives and voices
  - Making informed choices
  - Creativity in ethical and sustainable behaviour
  - Imagining different futures
- VALUES
  - Commitment to global justice
  - Respect for human rights
  - Respect for the natural environment and the Earth's biocapacity
  - Motivation to take action

# Opportunities for DE



- Curriculum development/delivery in schools, colleges, universities, adult & community education
- DEC & NGO collaboration to develop resources and activities that enable both deeper learning and link learning and action
- Engagement with the corporate and private sector



# Workshops

- Building on existing DE practice and resources  
(Finbarr Carter, Just Biz & Dave Richards, RISC)
- Exploring opportunities for DEC and NGO collaboration  
(Anna McMullen, Labour Behind the Label)
- Engaging with the corporate sector  
(Chris Taylor, Oasis School of Human Relations)