

Leslie Sklair

**The transnational capitalist class
and the discourse of globalization**

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[Leslie Sklair](#)

Department of Sociology
London School of Economics and Political Science
London WC2A 2AE, UK
l.sklair@lse.ac.uk

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ABSTRACT

Transnational corporations, the transnational capitalist class and the culture-ideology of consumerism are the three building blocks of what is termed global system theory, an attempt to conceptualize capitalist globalization. Here, the focus is on the transnational capitalist class and its four fractions, namely owners and controllers of TNCs and their local affiliates; globalizing bureaucrats and politicians; globalizing professionals; and consumerist elites (merchants and media). The purpose of the paper is to explain how combinations of these fractions of the transnational capitalist class have used the discourses of national competitiveness and sustainable development to further the interests of global capital. Globalization, therefore, is explained not as a 'Western' but as a globalizing capitalist ideology.

1. INTRODUCTION

Remarkably for a sub-discipline in the social sciences, theory and research on globalization appears to have reached a mature phase, in terms of volume of publications if not their quality, in a relatively short period of time. Most attempts to survey the field, despite their differences, agree that globalization represents a serious challenge to the state-centrist assumptions of most previous social science.¹ The apparently 'natural' quality of societies bounded by their nation-states plus the difficulty of generating and working with data that cross national boundaries plus the lack of specificity in most theories of the global, all conspire to shore up the crumbling defences of state-centrist social theory against the onslaught of globalization in its several versions. Thus, just as the idea of globalization is becoming firmly established, the sceptics are announcing the limits and, in some extreme cases, the myth of globalization. Globalization, in the words of these scholars and populists alike, is nothing but globaloney.

I have a good deal of sympathy with the sceptics. What I label global system theory, paradoxically, is an attempt to limit drastically the theoretical scope of the concept of globalization and its concrete application in the sphere of empirical research. Globalization is, nevertheless, in my view, a world-historic phenomenon and one that has to be confronted in theory and research if we are to have any grasp of the contemporary world. This paper aims to outline global system theory and to illustrate its central themes through an examination of the discourse of globalization as expressed by the class that drives it, the transnational capitalist class.

It is important at the outset to distinguish between three distinct but often confused conceptions of globalization. The first is the *international* or *state-centrist* conception of globalization where internationalization and globalization are used interchangeably. This usage signals the fact that the basic units of analysis are still nation-states and the pre-existing even if changing system of nation-states. This is the position of most of those who are in globalization denial. The second is the *transnational* conception of globalization, where the basic units of analysis are transnational practices, forces and institutions. In this conception, states (or, more accurately, state agents and agencies) are just one among several factors to be

taken into account and, in some theories of globalization, no longer the most important. The third is the *globalist* conception of globalization, in which the state is actually said to be in the process of disappearing.² It is obviously important that all those who write about globalization are clear about the sense in which they use the term, but not all are, with resultant confusions. In order to make my own position clear, I should note that I use the terms ‘transnational’ and ‘globalizing’ interchangeably, in order to signal that the state—or rather, some state actors and agencies—do have a part to play in the globalization process, however diminished relative to their previous roles. This highlights the distinction between ‘globalizing’ and ‘globalist’ approaches.

The concept of globalization propounded here rejects both state-centrism (realism) and globalism (the end of the state). The transnational conception of globalization postulates the existence of a global system. Its basic units of analysis are transnational practices (TNP), practices that cross-state boundaries but do not originate with state agencies or actors. Analytically, TNPs operate in three spheres, the economic, the political, and the cultural-ideological. The whole is the global system. While the global system is not synonymous with global capitalism, what the theory sets out to demonstrate is that the dominant forces of global capitalism are the dominant forces in the contemporary global system. The building blocks of the theory are the transnational corporation, the characteristic institutional form of economic transnational practices, the transnational capitalist class in the political sphere and in the culture-ideology sphere, the culture-ideology of consumerism. The literatures on TNCs and consumerism are enormous.³ Here, the focus is on the transnational capitalist class and how it has constructed a discourse of globalization to further its interests.

II. THE TRANSNATIONAL CAPITALIST CLASS (TCC)

The transnational capitalist class can be analytically divided into four main fractions.

- (i) owners and controllers of TNCs and their local affiliates;
- (ii) globalizing bureaucrats and politicians;
- (iii) globalizing professionals;
- (iv) consumerist elites (merchants and media).⁴

To some extent the exact disposition of these four fractions and the people and institutions from which they derive their power in the system can differ over time and locality. To study globalization and the state, for example, it makes most sense to couple globalizing bureaucrats and politicians, while for other issues other alliances may be more appropriate. It is also important to note, of course, that the TCC and each of its fractions are not always entirely united on every issue. Nevertheless, together, leading personnel in these groups constitute a global power elite, dominant class or inner circle in the sense that these terms have been used to characterize the dominant class structures of specific countries.⁵ The transnational capitalist class is opposed not only by anti-capitalists who reject capitalism as a way of life and/or an economic system but also by capitalists who reject globalization. Some localized, domestically-oriented businesses can stand out against global corporations and prosper, but most cannot and perish.

Influential business strategists and management theorists commonly argue that to survive, local business must globalize. Similarly, though most national and local politicians claim to represent the interests of the constituents on whose votes they depend, those who entirely reject globalization and espouse extreme nationalist ideologies are comparatively rare, despite the recent rash of civil wars in economically marginal parts of the world. And while there are anti-consumerist elements in most societies, there are few cases of a serious anti-consumerist party winning political power anywhere in the world.

The TCC is transnational (or globalizing) in the following respects.

(a) The economic interests of its members are increasingly globally linked rather than exclusively local and national in origin. As rentiers, their property and shares are becoming more globalized through the unprecedented mobility of capital that new technologies and new global political economy have created.⁶ As executives, their corporations are globalizing in terms of four criteria: foreign investment; world best practice and benchmarking; corporate citizenship; and global vision. The analysis of how the TCC has constructed a discourse of globalization below will focus on these criteria. As ideologues, their intellectual products serve the interests of globalizing rather than localizing capital, expressed in free market neo-liberal ideologies and the culture-ideology of consumerism. This follows directly from the shareholder-driven growth imperative that lies behind the globalization of the world economy and the increasing difficulty of enhancing shareholder value in purely domestic firms. While for many practical purposes the world is still organized in terms of discrete national economies, the TCC increasingly conceptualizes its interests in terms of markets, which may or may not coincide with a specific nation-state, and the global market, which clearly does not.

(b) The TCC seeks to exert economic control in the workplace, political control in domestic, international and global politics, and culture-ideology control in everyday life through specific forms of global competitive and consumerist rhetoric and practice. The focus of workplace control is the threat that jobs will be lost and, in the extreme, the economy will collapse unless workers are prepared to work longer and for less in order to meet foreign competition. A term first introduced around 1900 to describe how the capitalist class controls labour--the race to the bottom--has been rehabilitated by radical critics to characterize the effects of economic globalization.⁷ This is reflected in local electoral politics in most countries, where the major parties have few substantial strategic (even if many tactical) differences, and in the sphere of culture-ideology, where consumerism is rarely challenged within realistic politics. As we shall see below, this process is reinforced through the discourse of national and international competitiveness.

(c) Members of the TCC have outward-oriented global rather than inward-oriented local perspectives on most economic, political and culture-ideology issues. The growing TNC and international institutional emphasis on free trade and the shift from import substitution to export promotion strategies in most developing countries since the 1980s have been driven by members of the TCC working through government agencies, political parties, elite opinion organizations, and the media. Some credit for this apparent transformation in the way in which big business works around the world is attached to the tremendous

growth in business education with a global focus, notably International MBAs, since the 1960s, particularly in the US and Europe, but increasingly all over the world.

(d) Members of the TCC tend to share similar life-styles, particularly patterns of higher education, and consumption of luxury goods and services. Integral to this process are exclusive clubs and restaurants, ultra-expensive resorts in all continents, private as opposed to mass forms of travel and entertainment and, ominously, increasing residential segregation of the very rich secured in gated communities by armed guards and electronic surveillance, from Los Angeles to Moscow, from Mexico City to Beijing, from Istanbul to Mumbai.

(e) Finally, members of the TCC seek to project images of themselves as citizens of the world as well as of their places and/or countries of birth. Leading exemplars of this phenomenon include Jacques Maisonrouge, born in France, who became in the 1960s the chief executive of IBM World Trade; Percy Barnevik, born in Sweden, who created the infrastructure and electronics conglomerate Asea Brown Boveri, often portrayed as spending most of his life in his corporate jet; Helmut Maucher, born in Germany, former CEO of Nestle's far-flung global empire; David Rockefeller, born in the USA, said to have been one of the most powerful men in the United States; the legendary Akio Morita, born in Japan, the founder of Sony and widely credited with having introduced global vision into Japan; and Rupert Murdoch, born in Australia, who took US nationality to pursue his global media interests.

III. THE DISCOURSE OF CAPITALIST GLOBALIZATION: COMPETITIVENESS

One need not indulge in the fantasy of conspiracy theory to understand why politicians and professionals have been so engrossed with contentious ideas of the national interest and national competitiveness. Krugman's devastating critique, 'Competitiveness: a dangerous obsession'⁸ explains the latter (though not necessarily the former) with admirable clarity. The argument, briefly, is that only corporations and similar institutions can compete with one another and that the idea that nations can compete with one another is a 'dangerous obsession' that interferes with the economic efficiency of business. While Krugman's neo-liberal assumptions about the impossibility of industrial strategies can be challenged, the logic of his case on the incoherence of the idea of national competitiveness appears more convincing. This is central to the way in which politicians, bureaucrats and professionals in the service of the transnational capitalist class relate to the state.

A good illustration of these processes at work is provided by the political trajectories of five individuals who fit well into my category of globalizing politicians, what Jorge Domínguez terms 'technopols'.⁹ These five technopols are F.H. Cardoso, president of Brazil, A. Foxley in Chile, and D. Cavallo in Argentina (relative successes), P. Aspe in Mexico and Evelyn Matthei in Chile. They all take seriously ideas that are cosmopolitan and meet normal international professional standards, and they succeed by selling sound economic policy in their own countries. Technopols are technocrats with added characteristics: they are

political leaders, they go beyond narrow specialisms, and they are active in the politics of remaking damaged social and political systems. Democratic technopols choose freer markets (in terms of global system theory this can be translated as 'support of globalizing business') over state intervention because it is what their professional training has taught them to do. Technopol support for free-markets also makes them more liable to favour democracy but this is the democracy of pluralist polyarchy and not any wider conception of representative democracy. In a statement redolent with meaning for those who would dare to oppose global capitalism, Dominguez argues: 'only democratic political systems embody the compromises and commitments that may freely bind government and opposition to the same framework of a market economy'.¹⁰

The careers of these five notables illustrate how technopols in Latin America and, I would argue, globalizing politicians all around the world, are made in five settings: elite schools, religious and secular faiths, policy-oriented teams, the world stage, and specific national contexts. The atin American five all studied either directly in the USA or were inspired by those who had (notably in the economics and political science departments at Chicago, MIT and Harvard). They made their moves when statist democrats (Alfonsin in Argentina, Sarney in Brazil, Allende in Chile, for example) failed, and when economic crisis facilitated acceptance of some version of the neo-liberal consensus. Technopols, thus, incorporate two transnational pools of ideas—one favouring free markets, the other democracy. It is also important to note that technopols are not extreme neo-liberals out to kill off the state, but politicians who want to recraft the state from 'fat to fit', to encourage growth with a measure of equity. Above all, technopols understand that corporations and those who own and control them expect policy continuity to safeguard their investments. This means technopols need to develop a political and, increasingly, a globalizing agenda to establish a cosmopolitan vision to lock in their countries to free markets, international trade agreements and globalization, and to create political openings to bring all important social groups on side for 'national development in a competitive international marketplace'.

The significance of these examples, and they could be reinforced by many others from all over the world,¹¹ is that they undermine the popular misconception that globalization is a Western imperialist plot. While there is no doubt that the global economy is still largely dominated by corporations domiciled in Western countries globalization has transformed the meaning of this fact. Crude dependency ideas of American corporations exploiting Latin America as instruments of the US state or British corporations exploiting Africa as instruments of the British state have given way to more nuanced theories of globalizing alliance capitalism and global shift to accommodate new technologies of production, financing and marketing.¹²

Major corporations indulge these views for obvious reasons. Many major corporations interpret globalization in terms of being global locally. Corporations cope with the responsibilities of being local citizens globally by mobilizing national competitiveness on behalf of their mythical national interest in whatever part of the world the corporation happens to be doing business. The role of the

globalizing politician is to ensure that all businesses, particularly the ‘foreign’ corporations who have traditionally felt themselves discriminated against (sometimes true, often the opposite of the truth), receive at least equal treatment and, where possible, privileges. These privileges, in the form of development grants, fiscal holidays, training subsidies, and other ‘sweeteners’, are routinely justified by the argument that attracting foreign investment will enhance the national interest. This can happen directly, with the addition of world class manufacturing facilities, and/or indirectly, with the introduction of new ideas, methods, and incentives for local supplier industries. The ability of corporations seeking such investment opportunities to show that they are world class and thus could enhance the industrial environment they seek to enter, is a political requirement for these privileges. Without this promise of increases in national prosperity, a corollary of global competitiveness, subsidies for ‘foreign firms’ would be much more difficult to sell to local populations who might see better uses for their taxes.

The insertion of the nation-state into the global capitalist system is facilitated by the transnational capitalist class through the discourse of national competitiveness. The TCC achieves this through facilitating alliances of globalizing politicians, globalizing professionals and the corporate sector. Globalizing politicians create the political conditions for diverting state support of various types (financial, fiscal, resources, infrastructure, ideological) towards the major corporations operating within state borders under the slogan of ‘national competitiveness’. Such support represents direct and indirect subsidies to the transnational capitalist class and, in the context of foreign direct investment, often involves state regulation in the interests of the major corporations. Politicians deliver these aids to industry and commerce through their campaigning and votes in support of capital-enhancing labour, trade and investment legislation. Parliamentary democracies based on geographical constituencies encourage this, resulting in ‘pork-barrel politics’ in the USA and its equivalents elsewhere. Globalizing politicians, therefore, need global benchmarks in a generic sense to demonstrate that they are internationally competitive. Their ‘national’ corporations and, by extension, their ‘nation’, has to seek out world best practice in all aspects of business. Global capitalism succeeds by turning most spheres of social life into businesses, by making social institutions—such as schools, universities, prisons, hospitals, welfare systems—more business-like. Various forms of benchmarking are used in most large institutions to measure performance against actual competitors or an ultimate target, zero defects, for example. The term world best practice (WBP) is widely used as a convenient label for all measures of performance, achieved through various systems of benchmarking .

While globalizing politicians are responsible for creating the conditions under which WBP becomes the norm for evaluating the effectiveness of any social institution, they rarely become involved in its techniques. This is the responsibility of the globalizing professionals. The role of globalizing professionals is both technical and ideological. Their technical role is to create and operate benchmarking systems of various types; their ideological role is to sell these systems as the best way to measure competitiveness at all levels and, by

implication, to sell competitiveness as the key to business (and national) success. It is, paradoxically, the way that national economic competitiveness has been raised to the pinnacle of public life that explains the empirical link between WBP, benchmarking and globalization.

WBP is bound to be a globalizing practice in the global capitalist system. It is quite conceivable that benchmarking could be restricted to small, localized communities of actors and institutions interested solely in providing a local service in terms of agreed criteria of efficiency. Examples of this can be found in the tourist industry, where several small competing firms offer almost identical services to unique, local attractions. They may systematically compare what they offer and upgrade (or possibly downgrade) their services to match the practices of more successful competitors. In a global economy, however, there are relentless pressures on small local businesses to become more global, either through predatory growth or, more typically, by allying themselves with major globalizing corporations. Therefore, to become world class it is not necessary to be big but it is necessary to compare yourself with what the big players in your business sector do, and to do what you do always better.¹³ Benchmarking is the measure through which all social institutions, including the state, can discover whether they are world class.

Benchmarking is normally defined as a system of continuous improvements derived from systematic comparisons with world best practice. The idea of continuous improvement was introduced by the New York University professor and soon-to-be management guru William Edwards Deming shortly after the end of the Second World War. This became the driving force behind the total quality management (TQM) movement which has had profound though uneven effects on big business all over the world. However, Japanese corporations working with state agencies first adopted these ideas, seeing in them the best way to rebuild their war-shattered economy. The Deming Prize for the best quality circles was established in Japan in 1951. These quality circles became a central mechanism for the spread and development of the new quality movement. By the 1990s their numbers exceeded 100,000 with about 10 million members throughout Japan. TQM, world best practice and benchmarking were given added impetus by the increase in global competition as protectionist walls have been breached all over the world and as rapidly-growing new companies, particularly in the high-tech sector, have threatened the market dominance of their older and, perhaps, less innovative rivals.

The Malcolm Baldrige National Quality Award was established in the USA in 1987, then the European Quality Award was introduced in 1991, followed by a veritable flood of quality initiatives covering almost all sectors of industry all over the world. These gave public recognition throughout business and beyond to the TQM movement that had swept through board rooms, office complexes and shop floors whenever an enterprise was faced with competition, particularly from 'foreign' companies, from the mid-1980s. An important aspect of these awards and quality standards and the movements they were part of was the centrality of the role of leadership, particularly the leadership of the most senior executives, in the quest for continuous improvement. Not since the robber

barons in the 19th century had the leaders of big business been in the limelight to such an extent. And what the leaders of the major corporations were saying, almost unanimously, was that business success lay in putting the customer first and that customer satisfaction depended on quality.

WBP and benchmarking are logical strategies for globalizing corporations because when competition can, in principle, come from anywhere in the world, it is necessary for companies who wish to hold on to their market share, let alone increase it, to measure their performances against the very best in the world. 'The very best', of course, is a highly contentious idea. It can mean 'best returns on capital invested' or 'best stock market price increase' or 'best environmental performance' or 'best employer' or any number of other things. An additional and crucial factor is that most major corporations are in industries in which most of their products are quite similar to (sometimes virtually identical with) those of their competitors. Thus, it is vital to ensure that any competitive advantage that a product has, however small, is matched by competitive advantages in bringing it to market. That is why WBP, benchmarking and related performance-enhancing measures are so important. The TQM movement ensured that all aspects of company performance, from manufacturing widgets to answering telephones, from delivering and servicing the product to monitoring energy use in factories and offices, were liable to be benchmarked. The numerous criteria included for both the Deming Prize in Japan and the Baldrige National Quality Award in the USA were significant motivators in operationalizing the idea of total quality for customer-driven business. Many major corporations had their own versions of these quality packages.

The pioneers in global benchmarking were technology-intensive companies whose very survival depended on continuous innovation, like Motorola and Xerox. Also influential in the theory and practice of benchmarking were global management consultants, notably Anderson Consulting and McKinsey. There are literally hundreds of different quality measures, some firm specific, others product or industry specific, some specifically aspiring to zero defects. Some cover environmental standards, others citizenship standards. Some are regional in scope (the US, UK, European Union and Japan, for example, all have various types of quality standards) and some are virtually global (for example, the International Standards Organization ISO series).

The links between state agencies and corporations in the creation of benchmarking and best practice systems can be briefly illustrated with the cases of Australia, Brazil and the USA. In Australia and Brazil, the globalizing fractions of the state and business were united in their belief that the protectionism of the past could no longer be maintained if they were to enter the global economy. The two governments embarked on two different paths to implement world best practice but with the same end in view, to make their companies internationally competitive. In Australia, best practice was seen largely as a problem of changing labour practices, and a Best Practice Demonstration Program was introduced in 1991 by the Department of Industrial Relations, working with the Australian Manufacturing Council. The rationale for the Program was clearly stated in the pamphlet 'What is Best Practice?' issued in 1994: 'As the Australian economy

becomes increasingly integrated into the global market, Australian enterprises must become internationally competitive to succeed'. DuPont, ICI and BHP in Australia are cited as enthusiastic supporters of the Program. The official magazine of the Best Practice Program was entitled *Benchmark* and its pages in the 1990s exemplified the alliance between globalizing politicians, bureaucrats, professionals, big and small business, all striving for the quality improvements that would enhance national competitiveness.

In Brazil, the government agency responsible for quality standards was the National Institute for Standardization, Metrology and Industrial Quality (Inmetro). The President of Inmetro declared to an international meeting in Holland in 1998 that: 'The efforts made by Brazilian firms to improve the quality of their goods is linked to the beginning of competition in Brazil's economy. Up to 1990, when the economy was closed to imports, our companies did not bother about quality. After the opening of the economy in 1992, the need grew to show international standards of quality'.¹⁴ Inmetro worked closely with the Brazilian Program for Quality and Productivity and the Brazilian Foreign Trade Association, for enhanced quality in Brazil was necessary not only to compete against imports but, more importantly, to increase the potential for companies in Brazil to export.

In the USA, while quality standards and benchmarking have come largely from private industry initiatives, the Baldrige National Quality Award, perhaps the most prestigious mark of quality in the US, was established in 1987 as a joint venture between government and industry. Although modelled on the Japanese Deming Prize, the Baldrige process is transparent and provides an audit framework which companies could use for self-assessment. Cole has gone so far as to predict the death of the quality movement as quality improvement becomes part of normal management activity.¹⁵

This is not the case outside the USA and a few major economies. While over 70 countries were reported as having agencies for accreditation and inspection of technical standards laboratories, it is commonly accepted that standards vary from place to place. An International Accreditation Forum (IAF) was established precisely to ensure comparability of standards and by 1998 had 18 member countries, with more applications, including Inmetro, in the pipeline. Accreditation by IAF meant recognition for technical standards in the US, Canadian, Chinese, Japanese and European Union markets, and a reasonable guarantee that the WTO technical rules were less likely to be used to block imports, often seen as a form of disguised protectionism. What the three cases of Australia, Brazil and the USA suggest is that globalizing state agents and professionals have joined forces with corporations to promote best practice in the service of national competitiveness. In this way the globalizing capitalist class uses the discourse of national and international competitiveness to impose more intensive discipline on the workforce and in some cases to impose unnecessarily high standards that drive smaller competitors out of the market. In addition, the imposition of World Best Practice and benchmarking beyond the narrow confines of manufacturing industries is another important step in the commodification of everything that is closely connected with the culture-ideology of consumerism.

IV. THE CORPORATE CAPTURE OF SUSTAINABLE DEVELOPMENT

Similar processes can be observed in the corporate response to the environmental challenge. For decades, theorists of a singular ecological crisis have argued over the future prospects for life on the planet with those who conceive of the issue in terms of multiple, but manageable environmental problems. Major corporations always tried to keep these ideas apart but disasters like the *Torrey Canyon* (1967) and Santa Barbara (1969) oil spills, toxic contamination that provoked hundreds of anti-pollution suits in Japan in the 1970s, Bhopal in 1984 and *Exxon Valdez* in 1989, exacerbated the problems. The argument climaxed in the late 1980s and early 1990s under the pressures of globalization just as the discourse of sustainable development was emerging as the common language for those who were thinking about almost any environmental issue.¹⁶

This view received dramatic confirmation in one of the key texts of the movement animated by the ecological crisis interpretation of the future of the planet, *For the Common Good* by Daly and Cobb.¹⁷ In the conclusion of their award-winning book they appealed to several groups of people for support:

There is still another group whose support we covet. This is that rather small group of persons who have a deep and knowledgeable concern for the Third World. ... We have in mind specifically the kind of people who co-operated in writing the Brundtland Report (*Our Common Future*), which calls attention to the idea of sustainable development ... As the concept of sustainable development is further defined, we believe it will begin to resemble our outline of an economics for community. (Daly and Cobb, p. 371)

Although this might sound a little disingenuous--sustainable development has become a major industry while Daly and Cobb's economics for community sank almost without trace--it clearly expressed a fundamental truth: sustainable development was seen as a prize that everyone involved in these arguments wanted to win. The winner, of course, gets to redefine the concept.

We can trace the first indication that some members of the corporate elite were beginning to take the ecological crisis seriously to the publication of *Limits to Growth*, sponsored by the Club of Rome.¹⁸ This gave a modicum of business respectability to the profoundly anti-capitalist thesis that growth had limits but, in general, those who spoke for global capitalism were able to shrug off the deeper lessons of the 'limits to growth' school as alarmist and naïve. However, the problem would not go away and the more forward-thinking members of the global business community knew that they were going to have to deal with it, eventually. By the late 1980s it became clear that the rhetoric of sustainable development provided a convenient solution and it was eagerly taken up by globalizing corporations as they tried to cope with the emerging force of the arguments around the singular ecological crisis.

The corporate response in the US and Europe to a spate of environmental catastrophes, notably Bhopal, evolved gradually throughout the 1980s. The chemical industry was clearly under pressure to be seen to be taking decisive action. An initiative of the Chemical Manufacturers Association (CMA) in 1988

in the USA resulted in the Responsible Care Program. This was adopted by more than 170 members of the CMA, including Union Carbide, and announced to the investing public and concerned citizens in full-page advertisements in the *New York Times* and the *Wall Street Journal* on 11 April 1990. The British Chemical Industries Association had adopted its Responsible Care Programme in 1989.

Not only industries but international organizations of various types took it upon themselves to 'do something' about the environment. The European Community introduced a Community-wide environmental auditing scheme in 1993. The World Bank, for whom Daly had been a senior economist, had been discussing the environmental aspects of lending since the 1970s, with controversial results. Similarly, the Environmental Committee of the OECD has been discussing the issue since the early 1980s. Why has it proved so difficult to enact effective legislation to protect the environment? One factor was clearly the phenomenon of poacher turned gamekeeper in the leadership of some bodies charged with environmental protection. It is clear from the evidence of the 1980s that even anti-regulatory right-wing governments like those of Reagan and Thatcher, could no longer entirely ignore environmental violations. For example, while the Reagan Administration was pulling the teeth of the Environmental Protection Agency, at the same time it permitted the establishment of a powerful Environmental Crimes Unit in the Department of Justice.

The major corporations were not, of course, standing idly by while the struggle over the environment was accelerating. Globally, big business response was orchestrated by the International Chamber of Commerce (ICC), which had been promoting an environmental agenda since the first UN environment conference in Stockholm in 1972. The ICC had members in more than 100 countries, though it was most active in Europe. It founded its own Commission on Environment in the 1970s, and its first World Conference of Environmental Management in 1984 attracted 500 leaders of industry, government and environmental groups from 72 countries. The ICC was chosen to give the official business community input to the Bergen Ministerial Conference that led to the report of the UN World Commission on Environment and Development where the concept of sustainable development was firmly established. In the frank words of an ICC analyst of this process: 'the Brundtland Report called on the cooperation of industry ... the business community is willing to play a leading role, and to take charge'.¹⁹ And take charge of sustainable development it did.

An immediate consequence of the work of ICC was the Global Environmental Management Initiative (GEMI) of 1990 formed to implement the Business Charter for Sustainable Development. Nineteen leading US transnational corporations announced their support for GEMI, including Union Carbide, desperate to rebuild its reputation after Bhopal. GEMI soon took on an institutional form in Washington D.C. The organization that eventually resulted from these efforts, the World Business Council for Sustainable Development (WBCSD) was probably the most influential of the many green business networks that were established in the 1990s. For all their differences—local, national or global, general or industry-specific, well or less well resourced—they all had one thing in common, their emphasis on self-assessment and voluntary codes where

possible, but a decisive input into regulation where necessary. In this respect, the globalizing neo-liberal revolution associated with the Thatcher-Reagan attempt to mould state legislation to promote rather than to restrict the corporate interest, or 'free enterprise' as it was ideologically constructed, was very successful.

The roots of the distinctive global capitalist theory of sustainable development can be traced to the discussions around the Brundtland Report, *Our Common Future*, presented to the General Assembly of the United Nations in 1987. The uneasy compromise between conceptualizing the problem as a set of environmental challenges and as a much more serious singular—indeed, planetary life-threatening—ecological crisis suited big business very well. An insight into corporate thinking on the issue was given by Stephan Schmidheiny, a Swiss billionaire who was to play a crucial role for big business at the Rio Earth Summit in 1992. In a series of high-profile articles, public pronouncements and consultations,²⁰ Schmidheiny argued that environmental protection had been a defensive, negative, anti-progress concept, but environmentalists and industrialists were beginning see each other's points of view and to compromise. Thus, the idea of 'sustainable growth' had replaced the idea of 'conservation' and industry could get on with its job. Limits to growth were not, as originally thought, limits on supplies but rather limits on the disposal of resources used and transformed in the productive process. Accepting that industry has to operate within existing frameworks it can, nevertheless, act to use these frameworks for its own advantage by taking the offensive and shaping ecological legislation.

Thus, the negative environmentalism that had forced industries to respond to specific challenges on pollution and toxic hazards gave way to more general conceptions of 'sustainable growth' and 'sustainable development', entirely compatible concepts in the corporate analysis. Corporate environmentalism, therefore, both as a social movement and as a discourse, co-existed easily with this moderate conception of sustainability. From this powerful conceptual base big business successfully recruited much of the global environmental movement in the 1990s to the cause of sustainable global consumerist capitalism. This achievement is an object lesson in how dominant classes incorporate potential enemies into what Gramsci called new historical blocs.

Historical blocs are fluid amalgamations of forces that coagulate into social movements to deal with specific historical conjunctures, reflecting concrete problems that have to be confronted by different social groups. In the struggle for hegemony, historical blocs form and dissolve and reform. Big business mobilized a sustainable development historical bloc against what it saw as a threatening counter-culture organized around the powerful idea of the singular ecological crisis, the deep green or ecological movement.

The sustainable development historical bloc began in earnest in the period leading up to the Earth Summit in Rio in 1992. The close relationship between Maurice Strong, the virtual CEO of the Earth Summit, and Stephan Schmidheiny is a matter of public record. The environmental arm of the ICC, the Business Council for Sustainable Development, represented big business in Rio and was successful in keeping any potential criticism of the TNCs off the official agenda.²¹ There was, as a consequence, formidable corporate input into the formation of the

UN Commission on Sustainable Development (CSD), the major institutional result of UNCED. The CSD has become a major transnational environmental organization in its own right. It evolved into a Division for Sustainable Development at the UN, and its major task was to monitor how member governments tested, developed and used over 100 indicators of sustainable development. The extent to which it redirects attention away from the singular ecological crisis that threatens the very existence of global capitalism onto the multiple environmental challenges that corporations can cope with and global capitalism can live with, will be a critical test for the success of the sustainable development historical bloc. The signs are not promising for deep ecologists. The basis on which the CSD approached its task of measuring consumption and production was as follows:

Sustainable consumption and production are essentially two sides of the same coin. Sustainable consumption addresses the demand side, examining how the goods and services required to meet peoples' needs and improve the quality of life, can be delivered in a way that reduces the burden on the Earth's carrying capacity. The emphasis of sustainable production is on the supply side, focussing on improving environmental performance in key economic sectors such as agriculture, energy, industry, tourism and transport.²²

From the ecological point of view this approach is based on a series of fallacies. The first is the anthropocentric approach itself, where sustainability for people and societies takes precedence over sustainability for the planet. The second fallacy is the idea that 'sustainable consumption' and 'sustainable production' are essentially two sides of the same coin. For ecologists, the real issue is not 'sustaining' production and consumption, but reducing them absolutely. In addition, ecologists argue that it is fallacious to assume that 'meeting needs', 'improving quality of life' and 'improving environmental performance' are parts of the solution to the ecological crisis. They are not. They are parts of the problem, particularly in terms of distinguishing real from artificial needs and establishing universal norms for an ecologically sound quality of life. It need hardly be said that those who hold these views—radical ecologists—are a small minority, even in the environmental movement,²³ but the capture of the discourse of sustainable development from the environmental movement by the transnational capitalist class has made it even more difficult to mount a radical critique of capitalist consumerism than would otherwise have been the case.

The combination of the discourse of sustainable development with that of national and international competitiveness provides powerful weapons for the transnational capitalist class. Globalization is not a 'Western' but a globalizing capitalist ideology, whose discourse and practices are necessary to negate the growing class polarization and ecological crises characteristic of this latest stage in the long history of capitalism.

ENDNOTES

¹ See, for example, Anthony McGrew, 'A Global Society?', in Stuart Hall et al. eds. *Modernity and its Futures*, Cambridge, Polity Press; Malcolm Waters, *Globalization*, London, Routledge, 1995; and Leslie Sklair, 'Globalization', in Steve Taylor, ed., *Sociology: Issues and Debates*, London, Macmillan, 1999, pp. 321-45.

² Few writers take this extreme position, and of these Kenichi Ohmae, *The End of The Nation State*, New York, The Free Press, 1995, has been the most influential. If Ohmae did not exist then anti-globalization theorists would have had to invent him!

³ Surveyed in Leslie Sklair, *Sociology of the Global System*, London and Baltimore, Prentice Hall and Johns Hopkins University Press, 1995, second edition, where global system theory is elaborated.

⁴ Leslie Sklair, *The Transnational Capitalist Class*, Oxford, Blackwell, 2000, from which some material is borrowed and adapted for this paper.

⁵ G. William Domhoff, *Who Rules America?*, Englewood Cliffs, NJ, Prentice-Hall, 1967; Michael Useem, *The Inner Circle: Large Corporations and the Rise of Business Political Activity in the U.S. and UK*, New York, Oxford University Press, 1984; and John Scott, *Stratification and Power: Structures of class, status and command*, Cambridge, Polity Press, 1996.

⁶ Despite the arguments that national governments still exert regulatory powers over capital flows and that most financial corporations are still focused mainly on their home economies (see Ethan Kapstein, *Governing the Global Economy: International finance and the state*, Cambridge, Mass., Harvard University Press, 1994), it is nevertheless true to say that there has been a globalization of capital in recent decades. Certainly, in my own interviews with executives in *Fortune* Global 500 financial corporations (banks and insurance companies) the constant theme was 'we have to globalize because our clients are going global' (Sklair, *Transnational Capitalist Class*, chapter 3). Andrew Harmes, 'Institutional investors and the reproduction of neoliberalism', *Review of International Political Economy* vol. 5, Spring 1998, pp. 92-121, on the rapid growth of institutional investors gives this argument significant support.

7. See Jeremy Brecher and Tom Costello, *Global Village or Global Pillage*, Boston, South End Press, 1994. In Sklair, *Transnational Capitalist Class*, the race to the bottom is connected with the class polarization crisis of global capitalism, that is the simultaneous enrichment of some rapidly increasing minorities and impoverishment of other rapidly increasing and more numerous minorities all over the world.

⁸ In Paul Krugman, *Pop Internationalism*, Boston, MIT Press, 1996.

⁹ Jorge Dominguez, ed., *Technopols: Freeing Politics and Markets in Latin America*

in the 1990s, University Park, University of Pennsylvania Press, 1997.

¹⁰ Dominguez, *Technopols*, p. 3.

¹¹ Sklair, *Transnational Capitalist Class*, *passim*.

¹² John Dunning, *Alliance Capitalism and Global Business*, London and New York, Routledge, 1998; Peter Dicken, *Global Shift: Transforming the World Economy*, Paul Chapman, 1998, third edition; and Sklair, *Transnational Capitalist Class*, chapter 4.

¹³ Rosabeth Moss Kanter, *World Class: Thriving Locally in the Global Economy*, New York, Simon and Schuster, 1996.

¹⁴ 'Brazilian companies invest in quality', *Financial Times*, 26 August 1998.

¹⁵ Robert Cole, *Managing Quality Fads: How American Business Learned to Play the Quality Game*, New York, Oxford University Press, 1999.

¹⁶ Phil McManus, 'Contested Terrains: Politics, Stories and Discourses of Sustainability', *Environmental Politics*, vol. 5, no. 1, 1996, pp. 48-73. See also, Sklair, *Transnational Capitalist Class*, chapter 7.

¹⁷ Herman E. Daly and John B. Cobb Jr., *For the common good: redirecting the economy toward community, the environment, and a sustainable future*, Boston, Beacon Press, 1994, expanded edition.

¹⁸ D.D. Meadows et al., *The Limits to Growth*, New York, New American Library, 1972. A second edition published in 1992 received relatively little attention.

¹⁹ J.O. Willums, *The Greening of Enterprise: Business Leaders Speak Out*, Bergen, International Chamber of Commerce, 1990, p. 3.

²⁰ The most accessible source is Stephan Schmidheiny, *Changing Course: A Global Business Perspective on Development and the Environment*, Cambridge, Mass., MIT Press, 1992.

²¹ R.K.L. Panjabi, *The Earth Summit at Rio: Politics, Economics and the environment*, Boston, Northeastern University Press, 1997.

²² United Nations, 'Workshop on Indicators for Changing Consumption and Production Patterns', New York, Division for Sustainable Development, 2-3 March 1998.

²³ I would not wish to appear entirely negative about the Division on Sustainable

Development. The 'Success Stories' distributed from 1997 onwards are quite inspiring.