

The contrarian

Are NGOs playing both sides of the human rights abuse debate?

Non-governmental organisations are scrambling to come up with a new strategy following the release of the interim UN report on human rights abuses, says Jon Entine

When Harvard's John Ruggie was tapped by UN secretary-general Kofi Anann to examine corporate responsibility for human rights violations, he promised to address "whether multinational firms should be the direct bearer of international human rights obligations – and, if so, what those standards should be". That's exactly what he's done.

In a rebuke of NGOs' key position, Ruggie found no precedent for "hard" international laws except for war crimes. Corporations can play some role in "weak governance zones", he wrote, but "the debate about business and human rights would be far less pressing if all governments faithfully executed their own laws and fulfilled their international obligations".

That conclusion fell far short of the demands of Amnesty International, Oxfam and other NGOs. They blame most environmental exploitation, plundering militias, and child labour on the complicity of rapacious "transnationals". Corporations "engage in irresponsible and dangerous actions," says Kathryn Mulvey of Corporate Accountability.

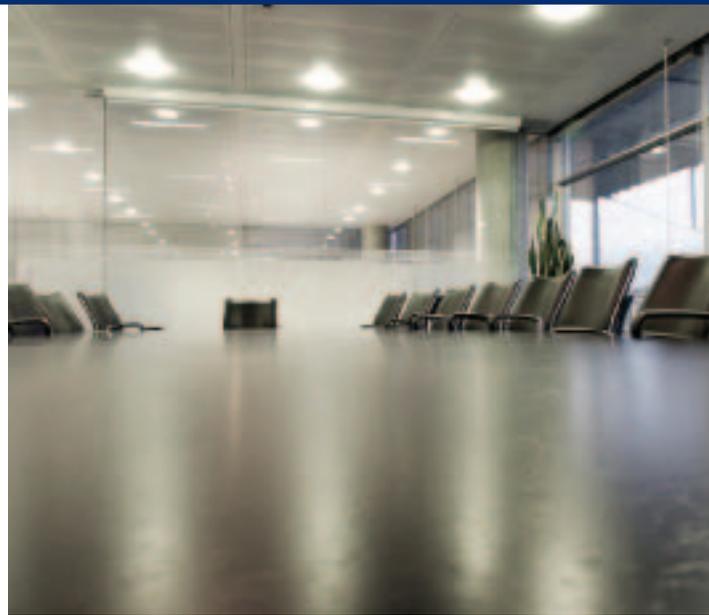
States or chief executives?

So, corporations are the bad guys, right? Not exactly. If NGOs have their way, we'll soon be deputising chief executives. Since 2003, with the release of the UN Norms for Business, while bashing multinationals, NGOs have been demanding these same corporate desperadoes be held responsible for cleaning up messes in places where they are often holding on by their fingernails.

This paradoxical NGO position runs "counter to the general structure of international law, which, for good reason, places the responsibility for enduring good governance and respect for human rights on states," says Maurice Mendelson, University of London professor emeritus of international law.

Adam Greene, a corporate responsibility expert with the US Council for International Business, agrees. "NGOs vastly overestimate the independence and power of multinationals," he says. "No states, particularly corrupt ones, are about to allow corporations to enforce laws that they are loathe to enforce themselves."

Greene points to the recent appropriations of multinational energy operations in Latin America. It began in Venezuela with a gradual nationalisation process under leftwing populist president Hugo Chávez. On 1 May, Bolivian president Evo Morales nationalised the nation's oil fields, defiantly declaring: "Foreign companies will not be able to steal from Bolivia [any longer]." Weeks later, Ecuador's Alfredo



A lot of good can be done here

Palacio followed suit, seizing Occidental Petroleum's one-billion-euro oil operation, the country's largest foreign investment.

This played well with NGOs that label nationalisations the rightful comeuppance for energy companies, but the reality is more complicated. In communities where Oxy spent millions of euros building schools, clinics, community centres, and sanitation facilities, backed eco-tourism projects, and provided grants for students and teachers, the beer has not been flowing so freely.

In the long term, Ecuador will pay a price. Direct foreign investments are on hold because the potential rewards are too meagre to compensate for political risks.

Corporate limits

What, then, is the responsibility of corporations? Corporations with a conscience that leave abusive countries may do more harm than good. Some corporations that resisted demands to leave South Africa came to be considered heroes because they guaranteed jobs and benefits to black workers in defiance of the white government, while boycott supporters cut and ran. In Burma, recently, Hilton

Head bowed to international pressure and abandoned its properties. That has devastated its loyal workforce, raising concerns whether their rights would have been better protected by toughing it out.

NGOs remain hopeful that, in his final report, Ruggie will call for universally recognised standards and effective accountability mechanisms, says Alessandra Masci of Amnesty International.

Addressing abuses requires an inside and outside strategy. Uniform standards would provide ammunition against dysfunctional tyrants. But NGOs would be wise to embrace the reality that corporations are no substitute for civil stability. You can't expect to bash Corporate World, celebrate when populist leaders abrogate treaties and free trade agreements, and yet demand that these same corporations be held accountable for misdeeds that flow directly from decades of government corruption. ■

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