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Global Corporations: Corporate Environmental Accountability and the Future of Sustainability

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Global Corporations: Corporate Environmental Accountability and the Future of Sustainability

Felix Moses Edoho [α] & Robert Dibie [σ]

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I. Introduction

During the past several decades, there has been a considerable focus and discourse on "ecological crisis" (Hajer, 1995; Mello, 2000). Ecological crisis is symbolized by global warming, ozone layer depletion, deforestation and desertification, acid rain, biodiversity loss, and release of greenhouse gas and toxic chemicals into the atmosphere (Mesa, 2007; Millennium Ecosystem Assessment, 2005; Worldwide Fund for Nature, 2010). Global corporations (GCs) have contributed enormously to the deteriorating global ecology. GCs in resource extraction industries wreak the worst havocs on environment, thereby dislocating the ecosystems (Edoho, 2008a, 2008b, 2013; Jenkins, 2004; Kapelus, 2002; Lertzman and Vredenburg, 2005). Ecological crisis has galvanized movement for corporate environmental accountability (CEA) and sustainability future.

The purpose of this paper is to interrogate the impacts of GCs to the global ecological crisis. We argue that GCs that operate in developing countries render the future of sustainability unpromising. The unpromising future of sustainability stems from the laissez-faire environmental behavior of GCs. Unregulated activities of GCs in the world economy tend to absolve GCs from CEA by default. Because there is no global environmental architecture to enforce CEA, GCs have been destroying the ecosystems and livelihoods in developing countries with impunity. It also privileges GCs to rationalize the environmental costs of their activities as a necessity for global common good, and their environmental degradation as an inevitable by-product of generating global wealth and advancing overall prosperity and welfare.

It is noteworthy that "Industry accounts for more than one-third of energy consumed worldwide and uses more energy than any other end-user in industrialized and newly industrializing countries" (Schmidheiny, 1992:43). GCs control over 50 percent of all oil extraction and refining, and a similar proportion of gas and coal. In aluminum industry, six GCs control 63 percent of the mining capacity, 66 percent of the refining capacity, and 54 percent of the smelting capacity (Greer and Singh, 2000). Four GCs account for half the word's tin smelting capacity. GCs control 80 percent of land worldwide which is cultivated for cash crops, often displacing local food crop production. Twenty GCs control 90 percent of global sales of all hazardous pesticides (Greer and Singh, 2000). Given that the laissez-faire environmental behavior of GCs are "incompatible with sustainable development" (Viederman, 1997), the issue is not persuading them to do more to foster sustainability, but that institutionalizing CEA is a desideratum for sustainability. A CEA framework is crucial for a radical reorientation of the discourse from what the society should do for corporate sustainability to what corporations must do for sustainability of society.

We delineate two specific arguments in this paper as follows. First, we argue that the global economy calls for a corresponding global regulatory architecture for CEA. In other words, the world economy needs a commensurate environmental governance structure to ensure CEA and sustainability. This assertion draws on the arguments advanced by Macleod and Lewis (2008:77) that because GCs exercise enormous power in the world economy and influence governments and policies and destinies of nations and ecosystems, "Any constitutional architect who does not attempt to set a framework of accountability and global citizenship for the TNCs would demean their craft."

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The imperative of a CEA is informed by the awareness that globalization defines the contemporary world political economy driven by GCs (see Edoho, 1997; UN, 1999; Macleod and Lewis, 2004; Bury, 2008). Global CEA is necessary because GCs control vast amount of resources, and are more powerful than most governments in developing countries. Due to high rate of unemployment and incidence of dehumanizing poverty, governments in developing countries are afraid of losing foreign investment in a race to the bottom (Bury, 2008; Abdul-Garafu, 2006; Hedley, 1999). Jobson (2009:55) has argued that the relationship between GCs and nation-states "involves a number of complex interactions at the nexus of the global economy, a desire for investment and development and the need to protect national interests."

Second, we argue that because GCs' quest to maximize profits overrides their concerns for environmental protection and sustainability (Edoho, 2008a, 2008b), developing countries cannot subscribe to corporate case for voluntary codes and guidelines or self-regulations. This argument negates the economic orthodoxy argument that regulating GCs will stifle innovations, is far too costly, and exacerbates uncertainty. The argument is that the most sustainability future will be guaranteed by corporate self-regulation. The idea is that self-regulation will motivate GCs, acting on the premise of self-interest, to develop and deploy environmentally friendly technology that will help save the earth.

The remaining part of the paper is structured thus: following this introduction, section two presents literature review for the study, focusing on the role of GCs in the world economy and their adverse ramifications for ecosystems. In section three, we elaborate on the sustainability discourse and examine how GCs have framed the construct to serve and advance the ultimate corporate interest in profit-maximization. Section four articulates a governance structure for CEA to address transnational production by GCs and the negative impact on ecosystems. Finally, section five concludes the discussions.

II. Litreature Review

The broad consensus is that globalization drives the world economy; it engenders de-territorization of states; and enables GCs to transnationalize production. Monshipouri and Welch, Jr. (2003:966) averred that the "global economy and the forces of globalization have become prominent characteristics of the current paradigm of world politics." Globalization has been facilitated by advances in technologies and innovations (Edoho, 1997). Revolution in information processing and communication technology enables GCs to establish, integrate, and coordinate their worldwide operations (Hedley, 1999). Nations have initiated economic liberalization, deregulation, and privatization that create opportunities for GCs to transnationalize their operations and pursue worldwide corporate objectives (UN, 1999:1). Thus, globalization and GCs are inextricably linked and are mutually reinforcing. This has brought the activities of GCs under intense critical searchlight.

In the 1970s, authors such as Vernon (1971) cast GCs in positive light as the engines that drove the world economy by promoting efficient allocation of scarce resources. It was asserted that GCs would transfer technology, mobilize financial capital, facilitate access to a pool of managerial talents, create wealth, and provide access to ready market for products from developing countries. According to this orthodox view, profit-maximization would provide GCs wherewithal to develop technological solutions to environmental problems. This view dismisses the idea that GCs should be socially responsible or environmentally accountable. Corporate voluntary actions, driven by profit motif, is the *modus operandi* in this theoretical genre.

Friedman (1970:126) theorized that: "[t]here is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits...." This orthodox economic view is embraced by GCs operating in developing countries (Edoho, 2008). In fact, Nigeria's Shell Petroleum Development Company (SPDC, 2003:4) has argued that:

> our most significant contribution comes carrying out our direct business activities efficiently, profitably and to the highest standards. It also comes from the sizeable investments we make. These create wealth for the nation, through the substantial amounts of taxes and royalties generated, and the direct and indirect employment created.

To the extent that corporate social responsibility (CSR) and CEA are considered in the operative framework of economic orthodoxy, they must be voluntary as opposed to regulatory. According to the executive vice president of corporate affairs at Anglo American, the most effective and efficient way of fostering GCs contributions to sustainability is via voluntary approach rather than regulation. The reason is that, he asserted, "you can't regulate virtue" (cited in Abdul-Garafu, 2006:5). In fact, Henderson (2001) characterized CSR as a "misguided virtue." Although GCs operates worldwide, are found in virtually all industries, and have significant impacts on livelihoods and ecology, yet, they are vehemently opposed to the calls for CEA.

By sharp contrast, others contend that GCs are capitalist agents of exploitation and underdevelopment of developing countries. They claim that GCs help to sustain the exploitative relationships between the center and periphery, developed and developing, rich and poor countries (Barnet and Mueller, 1974). David Korten depicted GCs scathingly as "instruments of a market tyranny that is extending its reach across the planet like a cancer, colonizing ever more of the planet's living spaces, destroying livelihoods, displacing people, rendering democratic institutions impotent, and feeding on life in an insatiable quest for money" (in Madeley, 2003). To be sure, "[c]ritics see corporate globalization as a fundamental cause of the escalating global ecological crisis" and GCs "as engines of environmental exploitation, plundering the globe's limited resources for quick profit" (Dauvergne, 2008:384).

Some have argued that countries can minimize the detrimental effects of GCs and maximize their benefits by exercising strong state power (Gilpin, 1975). For developing countries, such prospect has diminished with the advent of globalization. While the view may hold for industrialized countries, it is not the case for developing countries. The reason is that industrialized countries have strong institutional mechanisms to regulate the activities of GCs and enforce CEA, whereas developing countries do not. Moreover, as the economies of developing countries have been integrated into the global economy, the conventional basis of state power has eroded. The phenomenal proliferation of GCs and expansion of transnational production require an overarching global environmental governance framework to regulate the activities of GCs across state borders and ensure CEA enforcement.

The United Nations data indicate that there were about 7,000 GCs in the world in 1970. Today, there are some 64,000 parent-GCs, controlling 870,000 foreign affiliates around the world (UNCTAD, 2003:14). GCs control huge amount of resources, generating approximately one-fifth of the global wealth. In 1999, 51 of the world's 100 largest economies were GCs, while 49 were governments. Only the U.S., Germany, Japan, United Kingdom, Italy, and France have tax revenues larger than nine largest GCs' sales (Monshipouri and Welch, 2003:971). In 1998, the annual revenues of top five GCs more than doubled the aggregate gross domestic product of the 100 poorest countries in the world. In 2001, one of the largest GCs, General Electric, generated revenue of $126 billion, far exceeding the aggregate revenues of all sub-Saharan African countries, except that of the Republic of South Africa (Madeley, 2003).

As a result of their organizational design, control over and or access to massive resources and global reach, GCs exercise structural power that dwarfs that of states in developing countries. The observations made by Berle and Means in the 1930s were prophetic:

> The rise of modern corporation has brought a concentration of economic power which can compete on equal terms with modern state....The future may see the economic organism, now typified by corporation, not only on an equal plane with the state, but possibly even superseding it as the dominant form of social organization (quoted Mizruchi, 2004:603).

There is a strong concern that globalization has fundamentally shifted the center of power from the state to corporations and ushered in "an age of diminished state capacity" (Detomasi, 2007:328). "Globalization means that it is more difficult for national governments to hold corporations accountable than in the past" (Keohane, 2003:146). GCs exercise more power than states in their economies and in the lives of their citizens (Bury, 2008; Macleod and Lewis, 2004). Nowhere is the corporate power of GCs more visible and glaring than in the natural resource extraction industry, where states in developing countries have lost their regulatory power and enforcement authority. Mounting evidence demonstrates that GCs "continue to reinforce their hold on the natural resources of the planet, dictating their agendas to the weakest countries and exploiting their peoples. Directly or indirectly, they bear enormous responsibility for the deterioration of the environment" (Özden, n.d.:2).

GCs are engaged in transnational production in multiple countries, involved in all industries, and participate in all markets. In developing countries, GCs concentrate their activities mostly in environmentally sensitive and fragile sectors, particularly in mining, agriculture, manufacturing, pharmaceuticals, energy, transportation, forestry, logging, tourism, as well as financial services, among others. GCs are vertically integrated and are engaged in all stages of the value chain, from upstream to downstream and wholesale to retailing. As Levy and Newell (2005:1) have noted, "Corporate activity dominates every stage of the value chain, from research into genetically engineered food and seeds, to the disposal of household and industrial waste." Given their octopus-like operations in all industries and value chain, GCs have "crucial impact on the eco-system" (Macleod and Lewis, 2004).

Worldwide economic activities of GCs give them "influence on the development of the world economy and its constituent parts" (UNCTAD, 1999:1). There is no doubt that their control over vital resources and dominant role in world affairs make GCs "one of the primary forces of economic, social, and environmental change across the planet" (Bury, 2008:308). Their role in the global political economy makes GCs the major players in the global environmental forums and policymaking process. Previously, GCs influenced their home governments and intergovernmental organizations on environmental issues. In recent years, however, GCs compete with nation-states and demand a seat at the multilateral forums.

GCs have leveraged their structural power to exercise unprecedented influence at international environmental for a to control global environmental discourse. During the build-up to the 1992 UN Conference on Environment and Development (UNCED) in Rio de Janeiro, Brazil, corporate lobbies worked strenuously to deflect attention from the demand for CEA. They demanded and got their version that depicted GCs as promoters of sustainable development to be incorporated in the official document of the conference. After UNCED, GCs became "partners in dialogue," and their vision of sustainability the dominant vision of global environment. As Charterjee and Finger (1994) observed, business and industry's vision and worldview came out of Rio as the solution to the global environmental crisis and no longer its cause. Karliner (1997) stressed that after Rio, global corporate environmentalism helped build a public image of GCs as the world's responsible citizen, setting the terms of the debate along lines favorable to their interest. GCs not only use their economic power to neutralize efforts towards global environmental regulations of their activities, they also leverage that power to “promote faith in industry self-regulation” (Abdul-Gafaru, 2006:8). We provide in-depth examination of this problem next.

III. Global Corporations and the Realm of Sustainability Discourse

Grounded in environmentalism, sustainable development has a much longer history (Dryzek, 1997). The idea has been traced to the 17th century Germany where it was a legal constrain to logging (Steurer, Langer, Konrad, and Martinuzzi, 2005). The rule was to cut trees at a rate that allowed forests to renew themselves over time—that is, use timber in a responsible and sustainable manner (Steurer et al., 2005:264). The idealism and general principles of the concept are widely embraced by virtually all the global stakeholders (Jacobs, 1999; Saachs, 1999; Welford, 1997). To be sure, the principles underlying sustainable development are definitely goals that societies should aspire to achieve (Lamberton, 2005).

Sustainable development owes its contemporary popularity to the report of the World Commission on Environment and Development (WCED) entitled *Our Common Future* (WCED, 1987). Also known as the *Brundtland Report*, the document catapulted sustainable development from relative obscurity into prominence. Among other things, the report asserted that:

> Humanity has the ability to make development sustainable—to ensure that it meets the needs of the present without compromising the ability of the future generations to meet their own need. The concept of sustainable development does imply limit—not absolute limits but limitations imposed by the present state of technology and social organization on environmental resources and by the ability of the biosphere to absorb the effects of human activities (WCED, 1987: 8).

In addition to economic, social, and environmental dimensions (Elkington, 1997; Holme and Watts, 2004; Hopwood et al., 2005), sustainable development connotes the issues of justice, culture, a trade-off between anthropocentricism and eco-centrism, and a time component (Milne, 1996; Oskamp, 2002). Dibie (2014:29) contends that environmental sustainability “must be conceptualized so as to support and sustain livelihoods and basic needs.” Knowledge of the imperatives of sustainability helps to explain the nuances in conceptual framing, theoretical exposition, and analytical interpretations of the construct.

Ever since its epochal popularization by the *Brundtland Report*, sustainable development has become a rallying point for environmental stakeholders. Yet, three decades later, the concept remains elusive and highly contested. Over a decade ago, Parkin (2000) identified more than 200 different definitions of the concept. Thus, Hopwood, Mellor, and O'Brien (2005:47) observed that “[t]here are so many interpretations of sustainable development that it is safe to say that there is no such thing as sustainable development-ism.” Beckerman (1995:125-140) dubbed it a worthless concept that should be discarded. These observations warrant further interrogations of the utility of sustainable development. If there is no unanimity on the meaning of the concept, how would policymakers set and achieve environmental goals? Also, absent consensus on its meaning, of what intrinsic utility is the concept? Still, why is sustainable development touted by GCs, multilateral agencies, and aid-donor agencies? Could it be that the concept is widely embraced largely because, to borrow from Weiss (2010:808), it is “like the grinning but bodyless Cheshire cat in Alice in Wonderland, and agreeable notion because it is without substance? ”

The problematic of sustainable development is reflected in how the concept is framed and how its meaning is understood. In fact, Byrch et al. (2009:2) posited that “How sustainable development is understood reflects which problems are recognized, how problems are constructed, and how responses are conceived and enacted.” This approach is critical to understanding the framing of sustainability discourse. Following Hardy and Phillips (1999:2), we use discourse to mean “a system of texts that brings an object into being.” Discourse can be mobilized as a strategic resource (Hardy, Palmer, and Phillips, 1999; Tregidga and Milne, 2006). Discourse on sustainability and its contestability hinges critically on what should be appropriate balance between economic growth and environmental protection. We argue that environmental protection needs to take precedent over profit maximization and economic growth. The reason is that what is good for the environment benefits the whole society, while the benefits of profit maximization and economic growth often go mostly to GCs and a fraction of the society.

We utilize a discourse framework to interrogate why GCs embrace sustainable development because discourse is "the contextually-specific way we talk about, write about, and represent the world we live in" (Everett and Neu, 2000:23). GCs think, talk about, and see environment through profit maximization prism. GCs privilege profit-maximization over CEA and sustainability. As such, the discourse on the meaning and contestability of sustainable development are not mere "semantic disputations" about the concept *per se,* but "the substantive political arguments with which the term is concerned" (Jacobs, 1995:5; 1999:26).

Laclau and Mouffe (1985) advanced a discourse theory that recognizes fixity—that is, the ability to partly fix meanings of ideas or concepts. Success in fixing and universalizing meanings is predicated on the acceptability of the meanings by the epistemic community. In their discourse theory, Laclau and Mouffe use the concept of hegemony to denote the structuring of meanings through discourse. Drawing on Laclau and Mouffe's discourse theory, Martin (2002:3) provides a succinct articulation of what occurs in the process of constructing and constraining common meanings as essential strategic devices for establishing and maintaining a hegemonic order:

> by constructing and constraining common meanings, power and exclusion are an essential feature of hegemony. Dominant discourse succeed by displacing alternative mode of argument and forms of activity; by marginalizing radically different discourses; by naturalizing their hierarchies and exclusions presenting them in the form of 'common sense'; and by effacing the traces of their own contingency. A successful hegemony will seek to render itself contestable. Yet, despite this, no hegemony can ever be completely successful. For the political logic of discourse ensures that the condition of its possibility is simultaneously the condition of its impossibility. A hegemonic discourse cannot fix meaning totally and finally because exclusion and difference are intrinsic to it. There is always an 'outside' that threatens the stability of the 'inside' and reveals the traces of its contingency, that is, its hegemonic stabilization through power and exclusion.

This elaboration of the mechanics of fixing meanings and hegemonic domination of discourse provides invaluable textual background for understanding how and why GCs embrace sustainable development. GCs have fixed the meaning of sustainability in their own terms to rationalize profit maximization as an indispensable collective good. Even as sustainability has been given broad interpretations, it is noteworthy that GCs have practically circumvented the spirit of the construct in preference for fixing its own meaning that, to all intents and purposes, is "ethically purged, pragmatic and reassuring" (Fineman, 2001:21).

By fixing the meaning of sustainable development, GCs have largely succeeded for the most part in setting and controlling the agenda for environmental governance at international and regional fora. In doing so, the discourse on sustainability has fundamentally changed. By controlling discourse on sustainable development, GCs ensure that the focus is no longer about their environmental accountability or what they should do to foster societal sustainability, but what society must do to ensure corporate sustainability. But Stuerer et al. (2005:274) observed that sustainable development is a societal guiding model, whereas corporate sustainability is a corporate guiding model. The ability to fix meaning confers on GCs the power to dominate sustainability discourse. In the words of Springnett (2003:72), "the power of definition, or determining the language that characterizes a concept, is seminal to staking and holding claims to domination."

Springnett (2003:83) also pointed out that firms can employ sustainable development as a subtle strategic device to justify themselves as well managed, compliant, and eco-efficient; yet simultaneously, they translate and tame the construct into one that fits with their existing practices and conventional business models. Such strategy enables GCs to exert influence, hijack, or capture environmental discourse and agenda (Owen et al., 2000; O'Dwyer, 2003; Welford, 1997). As a result, GCs and their managers have worked to circumvent regulations, weaken, or stall radical reformist movement to hold them environmentally accountable. Yet, others see potential benefits of corporate environmental accounting and reporting in term of fostering change in corporate behavior, even as their reporting could be manipulated as ideological tools and means by which business perpetuate their present hegemonic control over discourse. According to Gray et al.:

> On the one hand, do we see organizations struggling to define "environment" in a way which will enable them to avoid morphogenetic change—a process of definition which is clearly aided by business organizations like ICC, BCSD, CBI, etc…? On the other hand, do we see environmentalists finding themselves torn between fear that "environment" is in danger of being captured…whilst recognizing that these new accounts at least permit a new and long-overdue discourse…? (Gray et al. (1995:231).

Still, others have offered scathing criticisms of self-serving corporate green washing responses to the heightening concerns about sustainability. They argue that corporate responses to the demands for sustainable development has been to "capture," "hijack," "co-opt," or misappropriate the issue (Ball et

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al., 2000; Bruno and Karliner, 2002; Milne et al., 2006). Another argument is that sustainable development has been so distorted by GCs in a manner that is not only self-serving and business-friendly, but bereft of challenging the harmful corporate practices and the dominant ideological orthodoxy of industrialism and consumerism. Yet, we are warned that "[t]he current economic system, built on the idea of perpetual growth, sits uneasily within an ecological system that is bound by biophysical limits" (UNEP, 2013:6).

Despite acknowledgments that we are in the grip of ecological crisis and the global ecosystems are severely threatened, however, sustainability continues to be treated as a footnote in the script of industrialism and profit-maximization. The world is asked to support corporate sustainability on the ground that what is good for GCs is good for all. The fallacy is that as human organizations, GCs can be humanized to foster sustainability in their self-interest without CEA. The supposition is that even if they cannot be totally humanized and civilized, at least, like "cannibals," GCs can be taught to eat with "forks" (see Elkington, 1997). In sharp contrast to this view, our position is in consonance with the view that "a greater knowledge of sustainable development…will strengthen the sustainable development movement, protecting it…from fraudulent claims of business that purport to practice sustainable development, while in fact pursuing unsustainable practices" (Byrch et al., 2009:2). Synergistic efforts are needed to create environmental governance framework at national, international, and regional levels to foster a result-oriented corporate environmental accountability.

IV. Governance Structure and Corporate Environmental Accountability

Global environmental challenges exemplify most glaringly the interconnectedness of human societies in the contemporary age of globalization (Ivanova, 2007; Ocampo, 2010). Modern societies are both ecologically and economically interdependent. Environmental problems, such as acid rain and contamination of shared rivers, are no respecters of geopolitical territories or levels of economic development—they are transboundary (Esty and Ivanova, 2001; EEA, 2011). Former UN Secretary-General Kofi Annan articulated this point succinctly when he emphasized that "No crisis in history has so clearly demonstrated the interdependence of nations as the environmental crisis" (UNEP, 2000). Appropriate global environmental governance is necessary to address ecological crisis. Such a framework should include enforcement mechanisms for CEA. As we have emphasized in this study, most of the environmental problems in developing countries are caused by GCs.

Collective efforts are needed to design appropriate governance architecture for global environmental governance to ensure CEA. According to Gordenker and Weiss (1996:17), global environment governance encompasses "efforts to bring more orderly and reliable responses to social and political issues that go beyond capacities of states to address individually." Ashley (1993:254) posits a discourse on governance as the imposition of international purpose which hinges upon "the production and objectification of enduring structures that…lend to global life an effect of continuity, of direction, and of a unified collective end beyond political questioning."

Many observers have contended that if concerted efforts are not made to address global governance deficits and failures, our environmental stewardship will continue to be both ineffective and inequitable, with little opportunity of finding a path toward sustainability (Clapp and Dauvergne, 2005). The need for supranational institutions and organizations to address global environmental problems has since been recognized (Biermann, 2000, 2001, 2002, 2004; von Moltke, 1996; Ivanova, 2007, 2010). Such recognition informed the creation of the UN Environment Programme (UNEP)—as an "anchor institution" (Ivanova, 2005, 2007)—at the 1972 Stockholm UN Conference on the Human Environment.

After over four decades, however, there is no consensus on the performance of UNEP. Positive views consider UNEP "one of the most impressive UN organizations in terms of its actual achievements" (Najam, 2003), and "given its mandate, its resources, and its authority…a remarkable success" (von Moltke, 1996). Yet, UNEP has also been characterized as "weak, underfunded and ineffective in its core functions" (El-A shry, 2007). The design of UNEP as a UN Program, as opposed to a specialized agency, as well as its functions and funding mechanisms have impacted its power and authority to regulate global environmental matters (von Moltke, 1996; Ivanova, 2007, 2010; Biermann, 2004). The ineffective status of UNEP contrasts sharply with "strong and powerful international bodies oriented towards economic growth—such as the World Trade Organization, the World Bank or the International Monetary Fund—are hardly matched by UNEP, the modest UN Program for environmental issues" (Biermann, 2004:14).

Shortcomings of UNEP became obvious in the 1990s, prompting prominent leaders to call for a more effective global governance structure to address global-scale environmental problems (Esty and Ivanova, 2001; Ivanova, 2007, 2010; Biermann, 2004). Such an organization should have commensurate power, authority, credibility, funding mechanisms, and political visibility to address contemporary global-scale environmental challenges. The argument in favor of a new global organizational architecture for environmental governance, such as a world environmental organization (WEO) or global environmental organization (GEO) is that the global environmental governance system "needs reforms not because [UNEP] has 'failed' but because it has outgrown its own original design" (Najam, Papa, and Tayiab, 2006:3). Paralleling the calls for WEO/GEO has been demands for mechanisms to ensure CEA. Given the impact of their global activities on environment, it is argued that globally binding norms, standards, rules and regulations, and codes of conduct are critical to govern the activities of GCs (Ivanova, 2005, 2010; Simons, 2004).

Negotiations on the code for environmental governance that was begun in late 1970s lasted till early 1990s was neither finalized nor adopted and was abandoned in 1992 due to irreconcilable differences between industrialized and developing countries on corporate environmental accountability (WEDO, 1995). Efforts to include recommendations in the Code for CEA were successfully thwarted by intense corporate lobbying (Chatterjee and Finger, 1994:117). Pressure from the U.S. government and the International Chamber of Commerce led to the abandonment of the code (FOE Wales, England and Northern Ireland, 1998).

GCs and their home governments are opposed to any form of globally enforceable and legally binding environmental regulations. Rather, they prefer unenforceable voluntary self-regulatory regimes (Mayne, 1999:239). This accounts for the proliferation of industry-driven voluntary codes and standards (Clapp, 2005; Newell, 2005). Yet, not all GCs have embraced even this modicum option. For example, only 13,000 firms in 75 countries had been certified to the ISO 14001 standard by the end of 1999. By 2001, some 49,000 firms in 188 countries had received certification to the 14001 standard, the only one of the series to which firms can become certified (ISO, cited in Clapp, 2005:289). Of the 64,000 parent-GCs and over 870,000 affiliates in addition to several million suppliers in operation globally, only 154,000 firms are certified to ISO 14001 EMS. Also only 1,000 firms reported according to some forms of the Global Reporting Initiatives guidelines for sustainability reporting (Clapp and Utting, 2008).

This lends credence to the belief that developing countries cannot subscribe to corporate case for voluntary codes and guidelines (such as the U.N. Global Compact, OECD Guidelines for MNCs, etc) or self-regulations (ISO Series/EMS) and Global Reporting Initiatives. These codes, initiatives, and guidelines are purely voluntary. They do not have enforcement mechanisms and are not enforceable. This partly explain why many GCs do not bother about them because they cannot be held accountable for not adopting the codes or following the guidelines. Global CEA framework needs to be both regulatory and mandatory in nature and also enforceable.

V. Conclusion

We have argued that the future of sustainability is in jeopardy. The reason is that GCs have been engaged in harmful environmental practices that are antithetical to sustainability. Their use of obsolete technology in natural resource extraction and production of dangerous chemicals in developing countries devoid of CEA have resulted in global environmental destruction. They have also unleashed devastating consequences for the health of the ecosystems and livelihood of their inhabitants. GCs have leveraged their hegemonic status in the global affairs to thwart even the miniscule efforts to hold them socially responsible and environmentally accountable as ways to promote sustainability. They have succeeded in their political activism by hijacking sustainable development discourse and defining it to foster profit maximization logic.

Compounding this is the obsolescence of existing international structures that are ill-equipped and inadequate to cope with the environmental challenges that transcend geopolitical boundaries. Overreaching governance structure is a prerequisite to building enduring institutional capacities for sustainable development. Such a structure is necessary to liberate sustainable development from the stranglehold of the corporate case for perpetual growth. Voluntary self-regulation will not change harmful corporate behavior towards the environment. Movement for CEA recognizes the need to establish global institutional architecture for GCs to live by.

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