



LEGITIMATING CAPITALISM IN THE NAME OF CORPORATE SOCIAL RESPONSIBILITY

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ABSTRACT

Post 90's economic liberalization has resulted in the multinational corporates spread across the world establishing businesses, particularly in third world countries like India and other Asian and African countries. These corporates established their industries of various kind including mining, thermal electric plants, pharmaceutical and other industries to reap the profits. These corporates when they reap the profits are expected to share rather spend some of the money on welfare measures in various sectors. This is deemed as part of the social responsibility of the corporates.

Corporate Social Responsibility (from now on referred as CSR) is deemed to be a philanthropic work by the corporates to serve the people in various fields including health, education, eradicating poverty, gender and other inequalities, environment protection and others. CSR is made must constitutionally through the Company Act 2013. Corporates by donating some amount of money from their profits are expected to do the service to poor of the country. This 'responsibility' is fulfilled in through various manifestations. One of the means is the establishment of Non Governmental Organizations, in short known as NGOs. The NGOs run by the funds of these corporates have lofty claims of service in various sectors concerned with the public life.

How far the corporate are funded rather run organizations effective in reaching their claims is the question now needs to be answered? Present paper discusses the broader socioeconomic and political context of origin of CSR policy and analyses the policy in general and the role of NGOs in society in particular. By delineating the details about the historical account of NGOs, political and economic connections of these organizations, the study tries to establish the agenda of the NGOs in the present context. It also analyses the acts, working style and thereby the limitations of the NGOs in really fulfilling or reaching their claims of service. The paper also discusses how the service as an industry in the name of NGOs is fast growing turning service as profiting industry. This paper focuses on how the NGOs in the name of service function as part of the capitalist propaganda and legitimize the corporate's agenda. It explains the role of these organizations at an ideological level creating and disseminating the discourse of consent to the present capitalist economic model. Finally this paper concludes with the relationship between corporate, state, and NGOs and critiquing the CSR as a policy and NGOs as institutions from a people oriented stance.

Introduction:

The term Corporate Social Responsibility (CSR) became popular in the 1960s. CSR came into existence in the Globalization, Neo Liberalism phenomena as an extension to a form of legitimizing capitalism. Corporates and multinational companies started setting up their own institutions for dispensing their social responsibility. In addition to setting up Non-Governmental Organizations, they also



started funding other institutions or organizations. Activities of the NGOs are spread across various sectors including health, education, law assistance and economic development. The educational or research institutes work on various issues to study and analyze the social problems. “Corporate-endowed foundations are the biggest funders of the social sciences and arts, endowing courses and student scholarships in ‘development studies’, ‘community studies’, ‘cultural studies’, ‘behavioral studies’ and ‘human rights’”.

CSR has borne out as a product of a capitalist crisis of legitimizing the exploitation that occurred precisely at a moment when multinational corporations achieved unprecedented economic and political powers. CSR has been mainly nurtured on the sidelines of mainstream business management scholarships, conceived as part of the relatively marginalized area of business ethics, and by large restricted to philanthropic activities.

The origin of CSR can be traced back to the colonial era. In the colonial era, churches of the West would send missionaries to 3rd world colonies. Their mission was to spread Christianity while helping the locals. This help included education, literacy, social justice, health and economic development. With the secularization of the western world and reduction of funds to missionaries, missionary work has been replaced by something worldlier like NGOs. NGOs utilize the same logic of good intentions in the name of solving problems and public good; involving health, education, environmental protection and economic development. These organizations with the above said purposes get into social movements and struggles. So at this juncture in order to have a comprehensive understanding of Corporate Social Responsibility, the role of NGOs in a society their role, work, claims, effects and outcomes needs to be analyzed. Since NGOs form a major share of CSR this forms an important aspect of the study.

Non-Governmental Organizations and Corporate Social Responsibility:

NGOs is one aspect of legitimizing capitalist exploitation, another aspect is Corporations especially Multinational Corporations establishing foundations in the name of serving people, education to poor people, scholarships, and sponsorships to marginalized communities/people. New York based Rockfellar is one of the world’s oldest foundation. It was established in 1913. J.D. Rockfellar was the owner of ‘Shell Oil Company’; he became world’s No1 billionaire after the World War II by exporting oil. After the World War II, America realized that the future of trade is dependent on oil. That is why America is occupying the nations and provoking internal wars in the oil rich Arab countries. If the presidents of those countries are not heeding to America’s decision it is taking to the extreme steps of assassinating the presidents of those countries. As it is explained in detail in the book ‘Confessions of An Economic hit man’. America in order to occupy a state first sends ‘economic hit men’ to that country. In the name of aid through debts it slowly and gradually starts meddling with the internal affairs of the country and there by establishes its control leading to hegemony and dominance.



The activities that are undertaken by a company to fulfill its CSR obligations through NGOs include programmes of eradicating hunger, poverty and malnutrition, promoting preventive healthcare, promoting education and promoting gender equality, setting up homes for women, orphans and the senior citizens, measures for reducing inequalities faced by socially and economically backward groups, ensuring environmental sustainability and ecological balance, animal welfare, protection of national heritage and art and culture, measures for the benefit of armed forces veterans, war widows and their dependents, training to promote rural, nationally recognized, Paralympics or Olympic sports, contribution to the prime minister's national relief fund or any other fund set up by the Central Government for socio economic development and relief and welfare of SC, ST, OBCs, minorities and women, contributions or funds provided to technology incubators located within academic institutions approved by the Central Government and rural development projects.²

“Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.”

The above criteria are defined under Company Act 2013 of the constitution. However whether the social responsibility taken up by the corporates and companies is it really benefitting people is the big question which needs a through enquiry. First of all the corporates are using aid to organizations as part of CSR to get rid of the income tax as the philanthropic aids for service are exempted from tax. This is all done by retaining the ownership of the so called organizations with the CEOs of the company. This can be observed in the case of Milinda gates foundation established by Billgates.

The entry and establishment of these NGOs is parallel to the present economic development. Wherever the projects of modern economic development like large scale mining and other industries are being founded, the NGOs are being introduced in those regions and places. This prepares an ideological ground on behalf of the corporates among the people to not to resist but to welcome the corporatization. Schools, hospitals and other institutions are established to propagate the corporate form of development. The NGOs, schools and hospitals are very much active in creating to use Chomsky term ‘manufacturing consent’ that is an ideological ground for corporate loot.

Marginalized people of the country who are on the receiving end in the existing model of development are displaced; their sources of livelihood are being grabbed away and are made to work as manual labor on their own lands. In this entire process these people vexed up with this entire model people are taking to the route of struggle. The role of NGOs is very crucial in channelizing these voices of



resistance and lessening the severity of people's anger to benefit the corporate whose agenda they carry. These NGOs play a crucial role in distorting the aims and objectives of the struggling masses to compensation and rehabilitation which eventually will not be given to the victims of the development.

NGOs promote state and corporate agenda through subtle means by moving and mingling with people. However it needs to be highlighted that even the service oriented sectors such as health and education are made into businesses. On the whole it can be concluded that even the service has become a business. Peoples' problems are serving as the capital to earn money. This entire process is manifested in the form of CSR through NGOs.

The role of state machinery in strengthening these NGOs is very essential to understand. The NGOs keep a close tie with the state and state machinery as they are the pets of the corporates. The 'leaders' working in NGOs get an easy access to state which creates an illusion in the people that they can solve problems as they are very near to the state with a high accessibility. This collaborative activity of state machinery and corporates intern with NGOs actually helps smooth functioning of the state with all its exclusionary policies favoring business corporate class.

Contradicting aspect is as part of CSR in addition to funding for the education, hospital facilities it also funds for protecting the environment, synonymous with the saying 'Murderers conducting the commemorative meetings.' In particular context with huge mining corporations like Vedanta and others who are affecting the environment adversely by involving in deforestation and rapid excavation of resources harming the ecological balance by violating the rules and laws at the same time vouching for protection of environment seems very ironic.

Manufacturing consent in Chomsky terms is a crucial function of the NGOs that they do at an ideological level. The consent is manufactured through the modern discourse of employment and opportunity creation through industrialization, through various propagandas this leads to altering peoples thinking and incorporating the people's minds with the corporate friendly ideas. This ultimately results in 'Colonization of the mind' (ngugiwathiong'o). Apart from corruption at an ideological level, these NGOs enter into the struggles and deviate the people from organized struggles through various means.

NGOs and CSR are becoming synonymous with each other due to the 'strategic partnerships' between NGOs and corporations. Corporations have moved beyond ordinary advertising to CSR. Saving the world is much better publicity. However, corporations are not good at this and need help. NGOs on the other hand, are purpose built within the discourse of help-others and save-the-world machines. This is a marriage made in bourgeois heaven. Corporations provide the money and NGOs save the world with it. Businesses get good public relations, and NGOs get funding to help people and solve their problems.



It is very ironic that these corporations, who cannot raise the salaries of their own workers, are proclaiming of serving the people. This claim is noticeably farce and far from reality. Why the profit mongering corporations serve the people without expecting any return benefits needs an answer. Can we expect the corporations which are built on the principle of exploiting the people and earning money from the sweat and blood of the proletarians, serve people without expecting any returns.

Conclusion:

Corporates has taken up the policy of CSR as part of legitimating their exploitation and extortion of the natural resources and workers. It is documented that 2% of the profit is supposed to spend on CSR. This raises an analogy of throwing left over to the stray animals. The corporates and multinational companies as a larger conspiracy to legitimize the exploitation and get a human face the card of CSR is brought forth. CSR through NGOs has larger political agendas of suppressing the struggles and attracting the middle class to bind them in to the logic of modern capitalistic form of development which is built on the principle of inequality. It is the need of the hour to unmask the politics behind the CSR and NGOs.

References:

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