MULTINATIONAL CORPORATIONS INVADE GLOBAL GOVERNANCE INSTITUTIONS, CAUSING FOR-PROFIT PARALYSES

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INTRODUCTION: THE HOLLOWING OF DEMOCRACY

Declining popular sovereignty in key global north states since the early 1990s - including in the USA under Bill Clinton, UK under Tony Blair, Germany under Helmut Schroeder and France under Francois Holland - was not just a 'third way' drift from centre-left social democracy to 'neoliberalism', the pro-corporate, anti-social philosophy of privatisation. Even more profoundly, the hollowing of democracy is directly correlated to the rise of finance in the world economy.

That process has given the three major credit rating agencies - Fitch, Moody's and Standard and Poor's - and the financiers they serve the same kind of power the International Monetary Fund (IMF) and World Bank have abused since the early 1980s across the global south. The latter category should be updated to include the IMF occupying Greece, Ireland, Portugal and even Spain by the 2010s. That power comes from having more than US$100 billion in debts owed by weak governments that in turn allowed the IMF to impose austerity against poor and working people, especially affecting women and people of colour.

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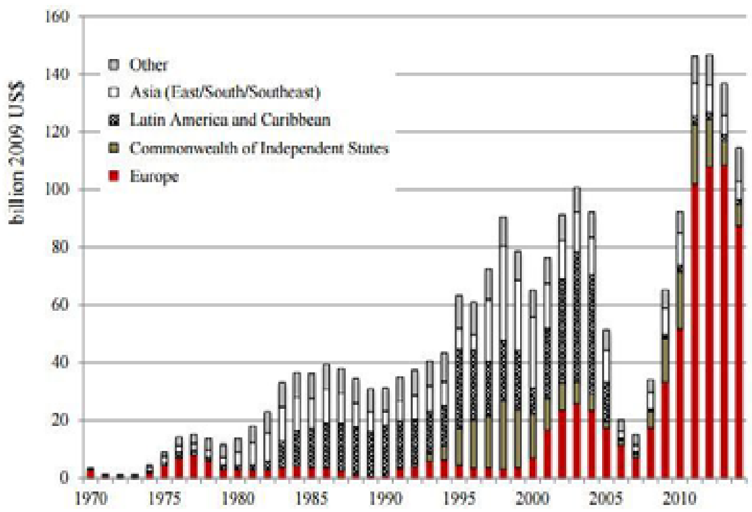
Figure 1. IMF loans, 1970-2015[2]



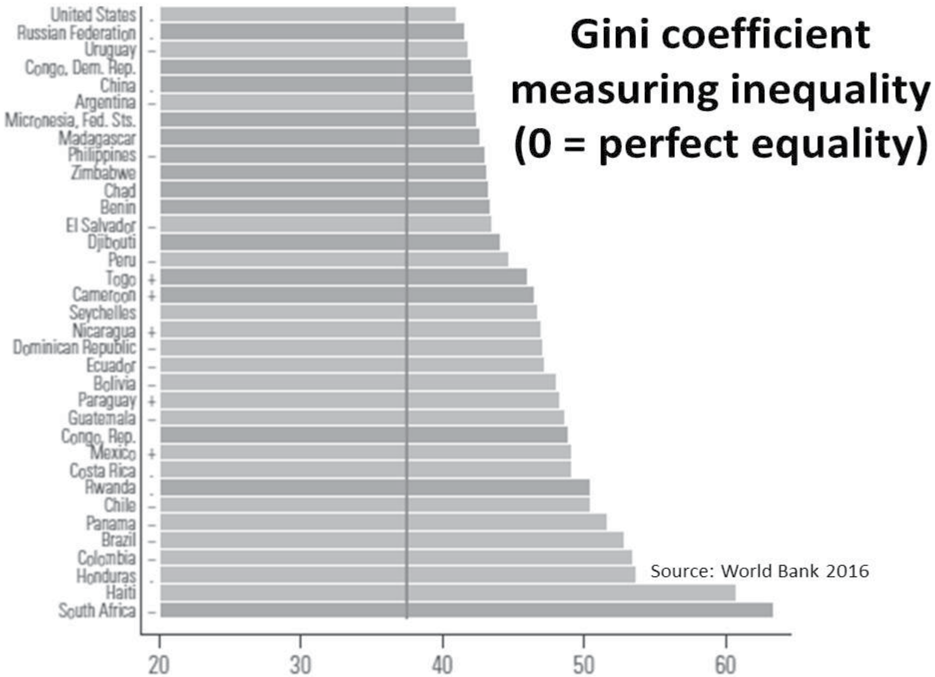
The main beneficiaries of the 'neoliberal' (pro-corporate, anti-social) policies that result from growing financial influence over national states are multinational corporations. Their taxes have been cut and labour costs and environmental regulation lowered by outsourcing or by shifting operations to repressive sites of production. These firms have also moved taxes far beyond state borders, with trillions of dollars' worth of 'illicit financial flows' manoeuvred into offshore financial centres, leaving governments with rising budget deficits and their social sectors experiencing permanent cost-cutting pressures. IMF economists Jonathan Ostry, Prakash Loungani, and Davide Furceri admitted in 2016 that as a result:

> *"The increase in inequality engendered by financial openness and austerity might itself undercut growth, the very thing that the neoliberal agenda is intent on boosting. There is now strong evidence that inequality can significantly lower both the level and the durability of growth."*

In the emerging market economies with some of the worst income inequality rates, such as Argentina, Brazil, Mexico, Russia and South Africa, this income divergence is now also recognised as a public policy concern, although prevailing power relations still result in austerity budgeting in most. For example, a South African mental health scandal, which left more than 100 patients dead after transfer from a state-subsidised US$24 per person per day facility (Life Esidimeni) to CSOs charging a third as much, followed a 13 per cent real cut in national-provincial health funding in 2016.

[2]Source: International Monetary Fund.

Figure 2. Gini coefficient of selected countries



In turn the predatory debt, precarious work and privatisation of so many aspects of life experienced by the world's citizenries calls forth two kinds of responses: appeals to global governance to sort out problems national states have shied away from, and popular revolt. There are both good and bad versions of these top-down and bottom-up responses. Unfortunately the adverse balance of political forces has made it difficult to argue that either is a terrain for social progress and environmental preservation.

Bottom-up, the political uprisings were manifest in 2016 in the Brexit vote, the rejection of Renzi's reforms in Italy, and in the USA, the election of Donald Trump, followed by 2017 threats posed by growing loyalists of Marine Le Pen in France, Geert Wilders in the Netherlands and the Alternative for Germany, amongst others. Other authoritarian turns were recently made in Erdogan's Turkey, Orban's Hungary and Duterte's Philippines. Within the BRICS (Brazil, Russia, India, China and South Africa) bloc, two parallel leaders are Vladimir Putin and Narendra Modi, both of whom continue to consolidate power. The revolt becomes more intense in part because of the racist, xenophobic, Islamophobic and misogynistic 'populism' that blames other poor and working-class people for troubles caused by neoliberal capitalism.

The right-wing critique of the 'globalists', as pro-Trump Breitbart journalists term the neoliberal elite, continues partly because multilateral institutions are 'state-captured' by multinational corporations and the world's wealthiest elites, to the detriment of the working class of the global north. Many voters who supported Brexit and in the USA backed Trump last November are to be found in the group represented by the famous 'elephant curve' of City University of New York economist Branco Milanovic, an accounting of the 1988-2008 era of hyper-globalisation that reveals shifting income shares. During this era, the richest one per cent grew to hold as much wealth as 50 per cent of the world's citizens. The differentials represented by the rise of the top one per cent, along with the privileged sector of urban workers in China, contrast with the bottom decile, who gained nothing over the two decades, as well as with that now-dethroned 'labour aristocracy' of the global north, which is justifiably grieving over deindustrialisation and much lower state services.

Figure 3. Growing global economic inequality

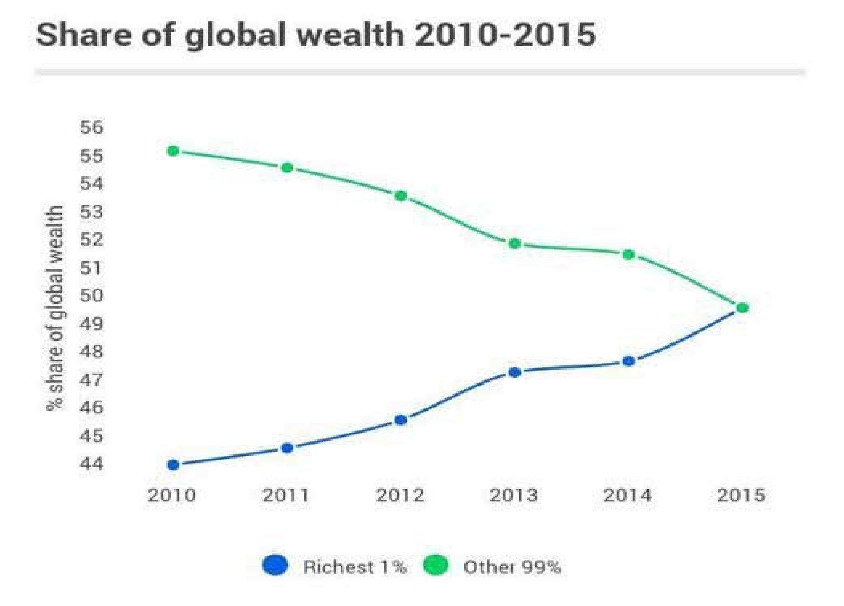
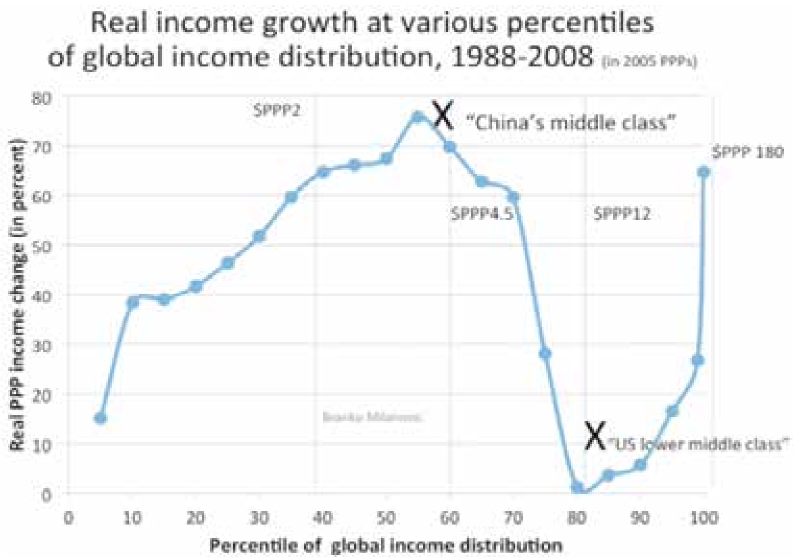


Figure 4. Income growth in China vs. USA



These data help explain the rise of far-right sentiments, insofar as economic grievances are displaced into the sphere of identity politics. Opposition to corporate elites from the left - recall protesters in 2011 from Tunisia to the Occupy city sites, for example - also rises, and not merely because of this new income and wealth inequality. High levels of world citizen concern remain about two overarching problems, according to regular Pew Research surveys: climate change and global economic volatility. In both cases, the profusion of corporate elites invading global governance institutions has distorted the potential for genuine solutions, beyond any recognition.

GLOBAL GOVERNANCE WORKED AGAINST OZONE DEPLETION, BUT NOT FOSSIL FUEL EMISSIONS

To illustrate the positive potential of multilateral solutions to global problems, consider that way back in 1987 - a year in which the United Nations (UN) issued a genuinely progressive report on sustainable development authored by former Norwegian prime minister Gro Harlem Brundtland's Commission - there was a major new global crisis: the expanding hole in the ozone layer that protects humans from ultraviolet rays.

The main cause was the emission of ozone-depleting CFCs through aerosols and refrigeration. Since the urgency of the situation required a global response, the 1987 Montreal Protocol was supported by a wide variety of states, including even the US Reagan administration. The Montreal Protocol committed states to ensure their corporations, such as Dow Chemicals and General Electric, stop producing and emitting CFCs within nine years. The ban worked and the problem is receding.

But this global governance success story occurred before the era of neoliberal state capture. Today, to argue for a Montreal Protocol-type ban on greenhouse gas emissions - with binding emissions cuts, accountability and state control of corporate pollution - is practically unthinkable, notwithstanding impending eco-social catastrophe. Instead, the political-economic dynamics of the UN Framework Convention on Climate Change (UNFCCC) served the interests of high-pollution multinational corporations within the 2015 Paris Climate Agreement: no binding emissions cuts, no 'climate debt' for past pollution to be paid to victims, a return to carbon trading gimmicks (to 'privatise the air') and no emissions cuts for maritime, air transport or military-related pollution.

Lead climate scientist James Hansen called the Paris Agreement 'bullshit'. Representing pro-corporate strategic thinking, the Harvard neoliberal Robert Stavins celebrated the deal for allowing a new round of carbon trading, in which financial markets adopt the responsibility for allocating emissions cuts to those who pay the most. (UNFCCC head Christiana Figueres had earlier been a carbon trader.) The scheme had been tried on a voluntary basis in the USA but in 2010 the Chicago Climate Exchange collapsed entirely.

Meanwhile, the price of carbon in the European Union (EU) Emissions Trading Scheme had plummeted from its 2008 high of 35 Euros/tonne to one tenth that amount by 2014. Carbon trading is a strategy that gives bankers the responsibility for saving the planet through arranging the purchase of pollution rights, an especially incongruous approach given financiers' self-regulatory failure to save their own markets from periodic meltdowns.

There was simply not enough pressure to cut emissions being generated in the multilateral system, to justify financiers' bidding up the price as the theory had suggested, not to mention systemic fraud and corruption throughout the new market. The system was still profitable to some EU corporations, even if many London and Frankfurt financiers began closing their trading desks. The Chinese also started carbon markets in seven metropolitan areas, so the International Emissions Trading Association continued to play a substantive role in UNFCCC summits.

TODAY, TO ARGUE FOR A MONTREAL PROTOCOL-TYPE BAN ON GREENHOUSE GAS EMISSIONS IS PRACTICALLY UNTHINKABLE

GUEST ESSAYS CIVIL SOCIETY & THE PRIVATE SECTOR

Figure 5. World carbon markets, 2016[3]

The Paris Agreement's logic dates to the 1997 Kyoto Protocol, which introduced carbon trading at Al Gore's behest, before he too became a carbon trader as co-owner of the ill-fated Chicago exchange. Starting then, the corporate climate agenda has been to profit from 'false solutions' to a problem the corporations created, an agenda advanced by the standard-bearers of neoliberal global governance at the US State Department. Other false solutions include geo-engineering and bio-fuels, none of which has borne fruit, despite billions of dollars of public R&D and pilot subsidies. Nuclear is another threat to public safety, gaining support from governments often seduced, as in South Africa's case, by a handful of nuclear corporations on the grounds that its carbon footprint is lower than fossil fuels.

Thanks to WikiLeaks, via Chelsea Manning, we know that in early 2010, Washington's main negotiator Todd Stern was extremely active, bullying and bribing small governments whose citizens will be adversely affected by the new climate regime, then termed the 'Copenhagen Accord', with its new feature: voluntary, so-called 'bottom-up' pledge-and-review commitments, far short of what is required to halt runaway climate change. The Hillary Clinton emails released by WikiLeaks in 2016 revealed Stern, in late 2011, celebrating his accomplishments at the Durban UNFCCC summit when the distinction between rich, historic polluters and poor countries was dropped in favour of 'Common but Differentiated Responsibilities'.

[3]Source: World Bank.

It is evident that the UNFCCC had fallen under Washington's thumb, as Stern gained the power to lower the bar steadily on global climate governance. But Stern was simply responding, as he continually reminded, to the Republican Party's veto capacity over any treaty if presented to the US Congress, which in turn was a function of the exceptional power of the fossil fuel lobby to purchase the service of politicians who initially denied the existence of climate change and then, when that was untenable, denied the role of greenhouse gas emissions.

The primary actors included the Koch Brothers oil network, highly influential in generating a far-right anti-environmental lobby known as the American Legislative Exchange Council (ALEC), and ExxonMobil, whose scientists knew about catastrophic climate change threats in the late 1970s but which covered up the information and funded denialists. ALEC's origins date to the 1971 Lewis Powell memo to the American Chamber of Commerce, in which the judge, who was soon appointed to the US Supreme Court, insisted that corporate power over politics be:

> *"…assiduously cultivated; and that when necessary, it must be used aggressively and with determination without embarrassment and without the reluctance which has been so characteristic of American business."*

The main companies taking up the challenge were 3M, ABC, CBS, GE, GM, Phillips Petroleum, US Steel and 33 others. ALEC's role under Trump is formidable: gutting worker, social and environmental protections across the USA from federal to state to municipal levels.

EXXONMOBIL, THE WORLD'S FOURTH LARGEST FIRM, ROSE IN POWER IN JANUARY 2017 WHEN TRUMP APPOINTED ITS CHIEF EXECUTIVE REX TILLERSON US SECRETARY OF STATE

As an exemplar of manipulating the environmental agenda, ExxonMobil, the world's fourth largest firm, rose in power in January 2017 when Trump appointed its chief executive Rex Tillerson US Secretary of State. A contract for a massive US$500 billion Siberian oil drill had, in 2013, earned Tillerson the Russian 'Order of Friendship' from Putin, though a year later, the deal was postponed due to sanctions that followed Moscow's Crimean invasion. The fluidity of anti-Russian and pro-Russian forces within the White House makes it difficult to predict whether those sanctions will be dropped, but regardless, the Trump White House has a vast network of corporate backers, starting with Goldman Sachs bank, whose five former executives in the White House include lead Trump advisor Steve Bannon, Treasury Secretary Steve Mnuchin and economic policy head Gary Cohn.

This sort of corporate power is also felt in other capitals. The undermining of global climate governance also entailed Barack Obama privately meeting the leaders of Brazil, South Africa, India and China (BASIC) in December 2009, in the process jettisoning the broader UN summit to generate the Copenhagen Accord. The BASIC countries were as a group the world's most carbon-addicted economies. In these states, fossil fuel firms, such as Brazil's Petrobras, China National Petroleum and Sinopec, and South Africa's Oakbay, enjoy outsized influence. The impeachment of Brazilian President Dilma Rousseff in 2016 was a function of Petrobras payoffs that motivated corrupt members of Congress to put in her place a more pliable leader, Michel Temer.

In South Africa's case, a top government climate negotiator, Joanne Yawitch, moved from the Pretoria delegation to lead the National Business Initiative. 'State capture' of the president's inner circle and electricity company by a family, the Guptas, with substantial coal interests, became a national scandal. The country's deputy president, Cyril Ramaphosa, was also the former owner of numerous Shanduka corporation coal mines, where he was alleged by state whistle-blowers to have ignored the need for water licenses in one of the most ecologically sensitive areas of the country.

Corporate influence over the BRICS, EU, USA and other major states makes it impossible to craft a global governance strategy to save the planet from climate catastrophe. Trump has promised to abrogate the Paris deal and give free reign to oil, gas and coal companies, as well as cancel renewable energy subsidies and roll back air and water protections.

The only short-term solution is much more intensive bottom-up critique and activism against fossil fuel extraction, such as recent campaigns against the Dakota Access Pipeline in the USA, the Ende Gałände anti-coal movement in Germany, South African women fighting coal mining on Somkhele's peasant lands bordering Africa's oldest nature reserve in KwaZulu-Natal, the periodic shutdowns by Niger Delta residents of oil pipelines, and similar instances of what Naomi Klein calls 'blockadia'. The 'divest-invest' movement against fossil fuel companies is having a major impact on shareholder sentiments, as activists insist that the companies devalue their reserves of 'unburnable carbon'.

The classic example of this sort of battle is the South African anti-apartheid movement, which called for boycott, divestment and sanctions to complement direct activism. The pressure reached boiling point when in 1985, protest from below rose just as international solidarity tackled firms supporting the Pretoria regime. The resulting financial crisis was only resolved when corporations, owned by white English-speakers, broke relations with the white Afrikaner regime and belatedly supported democracy.

THE CLASSIC EXAMPLE OF THIS SORT OF BATTLE IS THE SOUTH AFRICAN ANTI-APARTHEID MOVEMENT, WHICH CALLED FOR BOYCOTT, DIVESTMENT AND SANCTIONS TO COMPLEMENT DIRECT ACTIVISM

FINANCIAL PROWESS AND CHAOS

Global governance is regularly distorted by many other corporations, especially the top 20, set out in the table below.

Table 1. World's 20 largest companies by annual revenue (October 2016)[4]

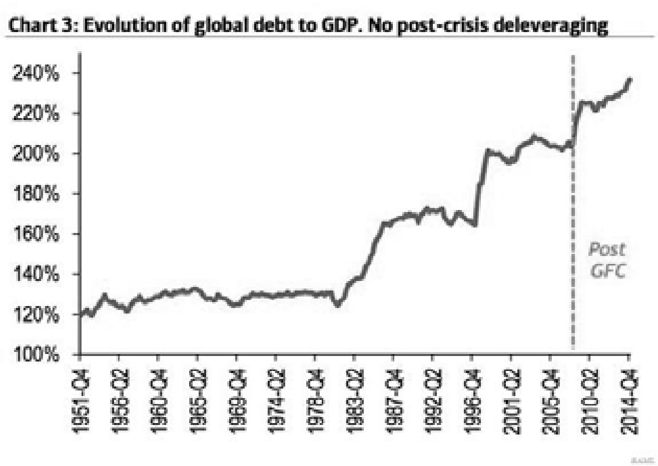
Ranking	Name	Industry	Revenue (US$ billions)	Employees	Headquarters
1	Walmart	Retail	$485	2,300,000	Bentonville, Arkansas
2	Samsung	Conglomerate	$305	319,000	Suwon
3	Royal Dutch Shell	Oil and gas	$272	90,000	The Hague, London
4	Exxon Mobil		$246	75,600	Irving, Texas
5	Volkswagen	Automotive	$237	610,076	Wolfsburg
6	Toyota		$237	348,877	Toyota, Aichi
7	Apple	Consumer electronics	$234	110,000	Cupertino, California
8	BP	Oil and gas	$223	79,800	London
9	Berkshire Hathaway	Conglomerate	$211	331,000	Omaha, Nebraska
10	McKesson	Pharmaceuticals	$192	68,000	San Francisco
11	Glencore	Commodities	$170	102,388	Baar
12	Daimler	Automotive	$166	284,015	Stuttgart
13	United Health	Health care	$157	200,000	Minnetonka, Minnesota
14	CVS Health	Retail	$153	199,000	Woonsocket, Rhode Island
15	Exor	Financial services	$153	303,247	Turin
16	General Motors	Automotive	$152	215,000	Detroit
17	Ford Motor		$150	199,000	Dearborn, Michigan
18	AT&T	Telecommunications	$147	281,450	Dallas, Texas
19	Total	Oil and gas	$143	96,019	Courbevoie
20	Foxconn	Electronics	$141	1,060,000	Taiwan

[34]Source: company accounts.

Systemic corruption characterises many such firms, such as oil companies and even the well-known Volkswagen brand, which notoriously cheated on diesel emissions tests. These firms appear to be financially robust, but many suffer from over-indebtedness. The overall level of debt in the world economy has risen to unprecedented heights: from 125 per cent of world GDP in 1980 to 200 per cent in 2008 and then, with the global bailout of banks, to 240 per cent by 2015. The 'too big to fail' mentality also protected banks by lowering interest rates and printing money, while another feature of financial corruption characteristic of the 2008 crash (see, for example, Goldman Sachs' penalty of US$15 billion for misleading customers about the quality of packaged home mortgage loans) was that punishment was merely based on a fine that in turn was passed back to customers, and never led to a jail term. Millions of victims, in contrast, lost their houses.

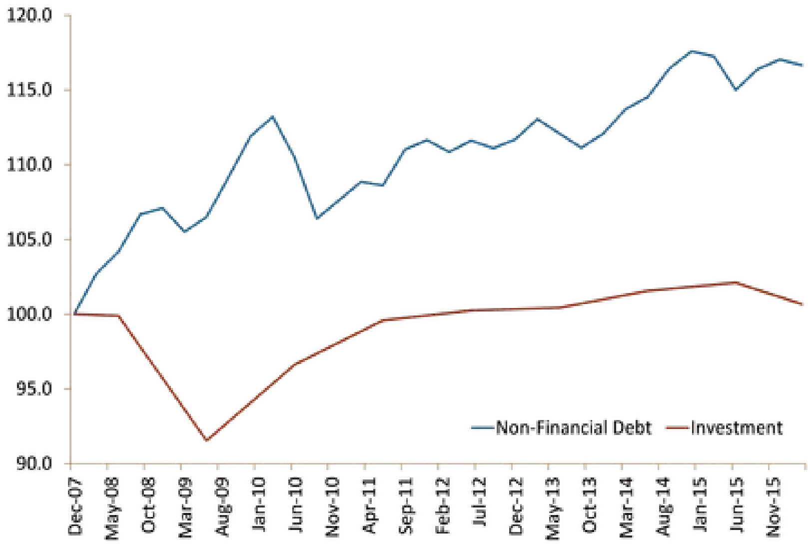
Large firms have fallen deeper into debt, with global corporates having a 15 per cent higher debt level even than in 2008 when so many suffered bankruptcy, and simultaneously suffer unwillingness to reinvest profits in new plant and equipment. Thanks to this 'investment strike', profit streams are redirected into buybacks of stock and other financial instruments. To illustrate, from 2009 to 2016, European high-yield bonds provided investors with a 210 per cent rate of return, the Wall Street S&P 500 index was up 180 per cent, and US high-yield corporate bonds soared 170 per cent in value. In contrast, in the real economy, wages of US and European workers rose less than 20 per cent, house prices were flat, and commodity prices dipped 50 per cent.

Figure 6. Rise in global debt (percentage of GDP)[5]



[5]Source: IMF.

Figure 7. Global corporate debt and investment rates[6]



[6]Source: Michael Roberts.

Overseeing the management of these multinational corporations are active and passive owners, which include a 'network of global corporate control' centred around fewer than 20 financial institutions, according to corporate scholars James Glattfelder and Stefano Battiston. The 'economic super-entity' can easily sway public policy in weak countries, in association with credit ratings agencies. Brazil and Russia were given junk status in 2015, and South Africa was regularly threatened with a downgrade to junk status unless it adopted investor-friendly policies, especially a lower budget deficit and social spending cuts. In 2016, Brazil's 'coup president' Temer and Congress adopted a 20-year austerity plan.

This arrangement gives financiers ever greater sway, as hot money sloshes into economies. At peak in 2007, the flows represented by cross-border loans and 'portfolio' (financial) investments in stock and bond markets had risen to an unprecedented 23 per cent of world GDP before crashing in 2008 and 2009 and subsequently falling back to the three to six per cent range since. Yet the power of corporations remains unchecked as every country competes to attract the mythical foreign direct investment that will allegedly fix their economic problems.

Figure 8. Global financial institutions owning corporations[7]

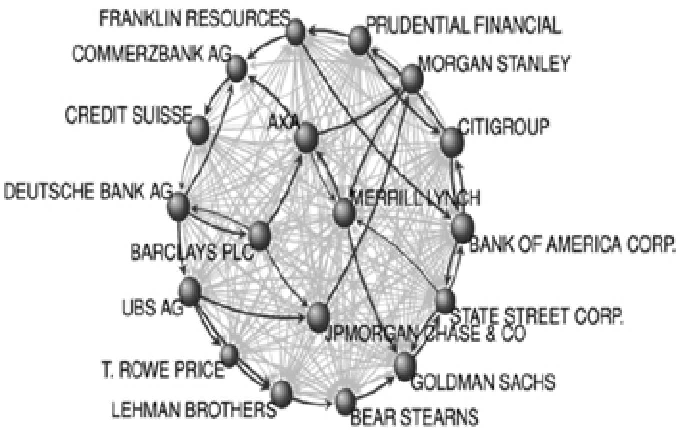
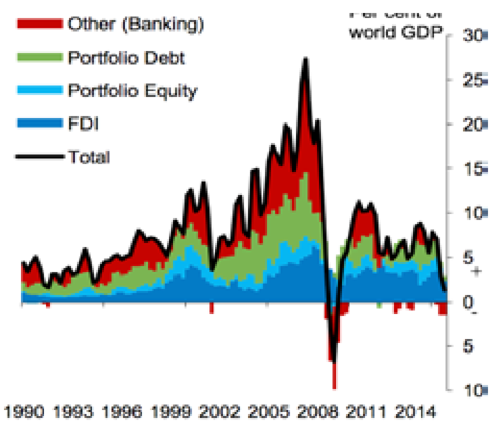


Figure 9. Investment flows, 1990-2015[8]



But as most countries' main exchange controls have been lifted, those financial flows then easily find their way back out to corporate headquarters or, more typically, to offshore tax havens. Apple, Google and Starbucks have been named and shamed for their tax avoidance strategies, even affecting European countries like Ireland adversely.

[7]Source: James Glattfelder and Stefano Battiston.

[8]Source: IMF.

But over a recent 10-year period, the main victims of outflows have been the emerging markets, according to Global Financial Integrity, with China having lost an average of US$140 billion annually, followed by Russia (US$105 billion), Mexico (US$53 billion) and India (US$51 billion).

Table 2. Illicit financial outflows in selected economies[9]

Rank	Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Cumulative	Average
1	China, Mainland	81,517	82,537	88,381	107,435	104,980	138,864	172,367	133,788	223,767	258,640	1,392,276	139,228
2	Russian Federation	46,064	53,322	66,333	81,237	107,756	125,062	136,622	183,501	129,545	120,331	1,049,772	104,977
3	Mexico	34,239	35,352	40,421	46,443	51,505	38,438	67,450	63,299	73,709	77,583	528,439	52,844
4	India	19,447	20,253	27,791	34,513	47,221	29,247	70,337	85,584	92,879	83,014	510,286	51,029
5	Malaysia	26,591	35,255	36,554	36,525	40,779	34,416	62,154	50,211	47,804	48,251	418,542	41,854
6	Brazil	15,741	17,171	10,599	16,430	21,926	22,061	30,770	31,057	32,727	28,185	226,667	22,667
7	South Africa	12,137	13,599	12,864	27,292	22,539	29,589	24,613	23,028	26,138	17,421	209,219	20,922
8	Thailand	7,113	11,920	11,429	10,348	20,486	14,687	24,100	27,442	31,271	32,971	191,768	19,177
9	Indonesia	18,466	13,290	15,995	18,354	27,237	20,547	14,646	18,292	19,248	14,633	180,710	18,071
10	Nigeria	1,680	17,867	19,160	19,335	24,192	26,377	19,376	18,321	4,998	26,735	178,040	17,804
Total of Top 10		262,994	300,565	329,526	397,912	468,623	479,289	622,435	634,524	682,086	707,765	4,885,718	488,572
Top 10 as Percent of Total		56.5%	57.3%	60.6%	56.9%	56.6%	64.2%	68.7%	63.0%	65.8%	64.9%	62.3%	.
Developing World Total		465,269	524,588	543,524	699,145	827,959	747,026	906,631	1,007,744	1,035,904	1,090,130	7,847,921	784,792

The IMF is the main multilateral institution enforcing these outflows, reflecting a dogmatic commitment to property rights, even though its founder John Maynard Keynes strenuously supported capital controls. Although IMF economists occasionally offer mildly encouraging words regarding inward-oriented exchange controls (‘speed bumps’) against hot-money capital inflows, the institution has never countenanced regulations that keep funds locked up within a given country. The IMF’s deregulatory bias continues, no matter its repeated incompetence when it comes to predicting and preventing financial crises, and the IMF has not reversed its self-confessed class bias when it comes to austerity to ‘solve’ such crises.

[9] Source: Global Financial Integrity.

GUEST ESSAYS CIVIL SOCIETY & THE PRIVATE SECTOR

Revealing personal scandals have engulfed recent IMF leaders: in 2016 Managing Director Christine Lagarde was convicted of negligence-related corruption of €400 million (approx. US$430 million), benefiting Adidas, yet continues in her job, endorsed even by the BRICS' conservative IMF directors, who once lobbied for a non-European candidate. Her predecessor Dominique Strauss-Kahn was forced to resign in 2011 after being jailed over a sex scandal. And his predecessor Rodrigo Rato was jailed in 2017 for Spanish financial fraud.

The power of wealthy countries within the Bretton Woods institutions is reflected in the apparently permanent leadership of the World Bank and IMF by citizens of the USA and Europe respectively, while Brazilian, Chinese and Indian nationals hold second-tier leadership positions. The US Treasury enjoys veto power, given its over 15 per cent holding of votes in both institutions, and regularly uses its power for geopolitical purposes. IMF membership was adjusted slightly during the 2010 to 2015 voting reforms, as China rose from holding 3.8 per cent to 6.1 per cent of the shares, along with smaller increases by three of the other BRICS countries. In contrast, Nigeria and Venezuela both lost 41 per cent of their voting power in 2015, and even South Africa's share declined by 21 per cent. In other words, reform is illusory, and never touches deeply-rooted neoliberal orthodoxy.

Table 3. Largest IMF shareholders

Largest IMF Shareholders: Before and After 2010 Quota/Share Reforms

	Current	Shares (%)		Post-Reform	Shares
1	United States	16.74	1	United States	16.47
2	Japan	6.23	2	Japan	6.14
3	Germany	5.81	3	China	6.068
4	U.K.	4.29	4	Germany	5.30
5	France	4.29	5	U.K.	4.02
6	China	3.81	6	France	4.02
7	Italy	3.16	7	Italy	3.02
8	Saudi Arabia	2.80	8	India	2.63
9	Canada	2.56	9	Russia	2.59
10	Russia	2.39	10	Brazil	2.22
11	India	2.34	11	Canada	2.21
12	Netherlands	2.08	12	Saudi Arabia	2.01
13	Belgium	1.86	13	Spain	1.92
14	Brazil	1.72	14	Mexico	1.80
15	Spain	1.63	15	Netherlands	1.76
16	Mexico	1.47	16	South Korea	1.73
17	Switzerland	1.40	17	Australia	1.33
18	South Korea	1.36	18	Belgium	1.30
19	Australia	1.31	19	Switzerland	1.17
20	Venezuela	1.08	20	Turkey	0.952
21	Sweden	0.98	21	Indonesia	0.95
22	Argentina	0.87	22	Sweden	0.907
23	Austria	0.87	23	Poland	0.841
24	Indonesia	0.85	24	Austria	0.808
25	Denmark	0.78	25	Singapore	0.800
26	Norway	0.78	26	Norway	0.773
27	South Africa	0.77	27	Venezuela	0.767
28	Malaysia	0.73	28	Malaysia	0.749
29	Nigeria	0.72	29	Iran	0.736
30	Poland	0.72	30	Ireland	0.713
31	Iran	0.62	31	Denmark	0.711
32	Turkey	0.61	32	Thailand	0.666
33	Thailand	0.60	33	Argentina	0.661
34	Singapore	0.59	34	South Africa	0.634
35	Kuwait	0.58	35	Nigeria	0.516
G7:		43.08	G7		41.18
G20:		63.38	G20		64.69
G20	(Without G7)	20.36	G20	(Without G7)	23.575

Yellow: G7 and G20 Membership
Green: G20 Membership

THE COMFORT ZONE LINKING MULTILATERAL AGENCIES AND CORPORATE PROFITS

Aside from the international financial institutions, some of the most important forms of corporate influence over global economic governance are to be found in the clubby rooms of the World Economic Forum (WEF), held annually in Davos, Switzerland as well as at continental level. In 1992, this was where Nelson Mandela was pressured to give up on the idea, from the 1955 Freedom Charter, of better redistributing South Africa's mineral, banking and monopoly capitalist wealth amongst the citizenry. The WEF is where the latest trends in philanthro-capitalism are unveiled, led by the Bill and Melinda Gates Foundation and the Clinton Global Initiative.

As South African analyst Lebohang Pheko asked after hearing Bill Gates deliver the 2016 Mandela Lecture in Pretoria:

> *"How can a small club of extremely rich white men who have bullied markets, governments and competitors in the most undemocratic ways, now be looked upon to decree on democracy and accountability merely by the size of their bank balances and trust funds? This perhaps is the most insidious form of state capture."*

Specifically, she worried that:

> *"Companies such as Microsoft, McDonalds, Philips, have used international institutions such as the World Trade Organisation to flout labour and human rights, push for inequitable tariffs which disable the global south and have boosted their own trade output by 250 per cent over the past 20 years."*

Two other multilateral institutions invaded by global corporations are the UN itself, through the UN Global Compact, developed by Kofi Annan in the early 2000s to attract funds from large firms, and the World Bank's International Finance Corporation. The latter faced notoriety in 2012 when its main poster child for corporate social investment was the platinum mining house Lonmin at Marikana, for which the Bank had deployed more than US$135 million in loans and investments. In reality Marikana was the site of such social dissatisfaction that a wildcat strike, in which miners demanded a 100 per cent pay increase to US$1,500 a month, led to the police firing on a crowd of several thousand strikers, killing 34 within a half-hour. Yet the World Bank retained its investment, and when visiting South Africa a few days later by coincidence, its president Jim Yong Kim, once a civil society health activist, refused to even mention the incident, much less visit the scene of the massacre.

The World Bank's largest-ever loan was then being disbursed to South Africa, for US$3.75 billion to construct a coal-fired power plant, 'Medupi'. The largest such power plant under construction in the world, Medupi was rife with corruption and delays, not to mention its social and ecological impacts, including its contribution to climate change. Objections included the bias in the state electricity company's pricing regime, which gave the world's largest mining house (BHP Billiton) the world's cheapest electricity (US$0.01/kWh), a tenth the price paid by ordinary low-income people. When outsourcing construction of Medupi's boilers, the country's ruling party was implicated in accepting a bribe from the Japanese firm Hitachi. The US Justice Department prosecuted, and notwithstanding a US$19 million settlement by Hitachi under the Foreign Corrupt Practices Act, again the World Bank was silent with respect to its own liabilities.

Multilateral development banks are increasingly committed to providing mega-project infrastructure subsidies, such as that offered by Eskom to bulk electricity purchasers. Public Private Partnerships (PPPs) are emerging in deals offered by the World Bank and regional development banks. But with financial volatility now rising again and the end of the 2002 to 2011 commodity super-cycle confirmed, a greater desperation characterises extractive industry firms, which are seeking as many global, regional and national subsidies as possible, no matter how irrational the mega-project in question. In early 2016, the World Bank strongly endorsed the export of 18 billion tonnes of coal from South Africa, for example, no matter that when the mega-project rail transport was planned, the price was US$170 per tonne, twice its 2016 peak. In addition to crony capitalists connected to the South African ruling party, notably the Oakbay and Shanduka groups, the major winners will be the world's largest mining corporations, including Anglo American, BHP Billiton, Exxaro and Glencore.

The ability of multilateral institutions to turn a blind eye to major violations of economic, political, social and ecological governance continues unabated. In winning endorsements for the introduction of genetically modified (GM) organisms, multinationals, including Bayer, Dow, Monsanto and Syngenta, have been caught bribing national governments. The Gates Foundation controversially supports the International Rice Research Institute to promote GM products with vitamins.

To support these firms, the World Trade Organisation (WTO) Trade Related Intellectual Property System grows ever stronger, apart from a vital exemption for emergency medicines. The WTO Nairobi summit in 2015 led by the Brazilian Director General Roberto Azevêdo was, according to the University of Ghana's Kwame Nkrumah Chair Horace Campbell, a potentially fatal blow for food sovereignty. Further he added, it excluded:

> *"…'African issues' from the agenda while simultaneously pushing through the expansion of the Information Technology Agreement, which benefits US corporations."*

The same invasion of multinational corporate interests is observable in the World Health Organisation (WHO), dating to the late 1990s when due to funding pressures, its director Gro Harlem Brundtland began PPP relationships for the Tobacco Free Initiative, the HIV/AIDS campaign, the Global Alliance for Vaccines and Immunisation, Roll Back Malaria, Stop TB Partnership, Safe Injections Global Network and the Global Polio Eradication Programme. WHO pro-corporate officials abandoned the universalism and primary health objectives of the seminal Alma Ata Declaration, which it criticised for "the complete omission of private finance." It began pursuing "third generation" reforms aimed at making "money follow the patient."

Such clubby relationships contribute to the sense that multilateral public sector leaders have succumbed to the blandishments and even bribery of multinational corporations. CIVICUS leader Danny Sriskandarajah criticises:

> *"…the collusion between business and political elites who want to protect their collective grip on power and money by limiting citizens' options to speak out, take action and criticise… Too often when governments choose to ignore citizens' voices, it is to the benefit of the big businesses waiting in the wings."*

It doesn't have to be this way. Back in 1987, the UN hosted a constructive state-led approach to solving a global crisis - the ozone hole's expansion - that entailed a ban on CFCs. Subsequently, in another counter-example, the power of Big Pharma was foiled at the 2001 Doha WTO summit when South Africa's Treatment Action Campaign and its allies made a persuasive case for exempting HIV/AIDS medicines from intellectual property rights, thus allowing tens of millions of HIV+ patients access that would not have had the drugs. In South Africa alone, this raised life expectancy from 52 to 62 years.

These are the kinds of struggles for justice and planetary stewardship in which enlightened leaders and citizen activists stood up against multinational corporate power, making multilateral institutions work for the world. They are rare indeed, but should inspire more of us to tackle power at the global scale.