

# T12P02 / Global Corporate Power in an Age of Globalisation

**Topic :** T12 / Policy, Business and Interest Groups

**Chair :** John Mikler (The University of Sydney)

**Second Chair :** Karsten Ronit (Department of Political Science)

## GENERAL OBJECTIVES, RESEARCH QUESTIONS AND SCIENTIFIC RELEVANCE

While states and civil society are well drawn in terms of their institutions and ideologies, multinational corporations (MNCs) are all too often more simply sketched as mechanisms of profit maximisation. The power they wield is then seen in these terms. The result is often a rather disembodied analysis of corporate power which focuses on the role of *markets* versus the state, the power of *capital* over labour and democratically elected state representatives, and the way assumed corporate *interests* are served that clash with citizens' aspirations. We have long been told that the rise of MNCs means they potentially 'rule the world' given the size and global scope of their operations, yet there remains a relative dearth of contemporary analysis on what their 'ruling' means in a policy and governance sense. The central aim of this panel will be to address the comparative lack of study of corporations and their power in the public policy process by explicitly casting them as political, rather than simply market actors, and to present case studies that illustrate what this means in practice.

While it is observed that governance is now a matter for non-state transnational actors instead of/in addition to states, often the focus for analysis then returns to what this means for states. Given the aim of this panel, the intention is to explicitly re-focus debates regarding corporate power on MNCs themselves. The state is seen as legitimately 'in charge' if democratically elected/representative of its citizens' aspirations and governs in light of these. In what sense are MNCs? To answer this question the panel will focus on the extent to which they set the public policy agenda because they possess the capacity to do so, but also because they are seen as possessing the legitimacy to do so. As such, MNCs will be studied for the way they influence governments and exert leverage through lobbying, as well as because of their size and economic dominance. But in addition, this panel will welcome papers that consider the extent to which they create their interests in others – ie. a belief that what serves them also serves the public interest nationally, regionally and globally.

If a central question for public policy scholars is 'who governs?', then the power of global corporations is a question of how they influence others in the policy process (eg. governments, regulatory bodies and international organisations) as well as whether they are seen as possessing the legitimacy to set the agenda and self-regulate in their own right. In casting corporations as political actors with complex identities and strategies to be examined, rather than assumed (eg. as a result of applying traditional theories of international political economy), the panel will consider how their interests and operations have explanatory power for how markets are structured, the outcomes produced for society, and the nature of the public policy process that produces these outcomes.

## CALL FOR PAPERS

While states and civil society are well drawn in terms of their institutions and ideologies, multinational corporations (MNCs) are all too often more simply sketched as mechanisms of profit maximisation. The power they wield is then seen in these terms for the way that it impacts on the public policy process and the outcomes produced for society. The result is often a rather disembodied analysis of corporate power which focuses on the role of *markets* versus the state, the power of *capital* over labour and democratically elected state representatives, and the way (assumed) corporate *interests* are served that clash with citizens' aspirations. We have long been told that the rise of MNCs means that they now potentially 'rule the world' given the size and scope of their operations. What does this mean in a policy and governance sense? Paper proposals are invited that re-cast MNCs as political actors with complex identities and strategies to be examined, rather than assumed. Their identities and strategies have explanatory power for how markets are structured, the outcomes produced for society, and the nature of the public policy process in respect of these. Recognising this, papers should address their capacity to exert influence on the public policy process, as well as why and whether MNCs should be perceived as legitimate self-regulators in a globalised world. They may do so as a theoretical contribution to questions of national, regional and global governance, as well as in respect of cases that illustrate the impact of corporations on issues areas such as

global development, gender, inequality, environmental sustainability, security and human rights.

# T12P02 / Global Corporate Power in an Age of Globalisation

**Chair :** John Mikler (The University of Sydney)

**Second Chair :** Karsten Ronit (Department of Political Science)

## Session 1

Wednesday, June 28th 14:00 to 16:00 (Block B 4 - 6)

### Discussants

Karsten Ronit (Department of Political Science)

### The Limits of Global Corporations as Self-Governors

John Mikler (The University of Sydney)

Global corporations possess substantial structural power over economic as well as political processes. They proactively seek to translate their power into political influence, and thence private authority. They do so in order to increase their material returns. However, their ultimate aim is to discursively enhance perceptions of their legitimacy in order to be seen as serving societal needs rather than being simply motivated by economic imperatives. As discussed in the transformationalist globalisation literature, this puts them in a strong position to claim the right to share the political power they derive from their private authority with the political power states possess as a result of their sovereignty. But where possible, they seek to be self-governors freed from state regulation, rather than as partners with states. This paper focuses on the growth of, and controversies surrounding, the private governance performed by global corporations, which comprises a spectrum of practices and initiatives from informal industry norms to private international regimes. Cross-national qualitative survey data on the public perception of corporations from the World Values Survey, and the 'key attributes' that produce rankings of the world's most admired companies from Fortune are then analysed. The results demonstrate that contrary to their desire to be seen as possessing the discursive legitimacy to self-govern, public perceptions of global corporations' right to do so are weak by comparison to that of governments and non-government organisations. Furthermore, there is evidence that more traditional concerns such as serving shareholders' interests still strategically dominate global corporations' agendas, and that these are what produce the rankings by their peers in the list of those most admired. Therefore, the conclusion reached is that there is not a close relationship between the private interests of global corporations and the public good, and therefore that their claims of acceptance as legitimate self-governors are weak.

### Corporations in Foreign Policy: Extending Nonmarket Strategy into International Relations

Ceyhun Emre Dogru (Koc University)

The political power of corporations has elevated into the international level as a result of rapidly globalizing world economy, which has implications on corporate political behavior that aim to achieve industry and market advantage. Business objectives are unavoidably affected by international political relations, and corporations are getting increasingly involved in policy-making processes not only at national but also at international level. This paper argues that corporate power now extends beyond national borders: corporations become international political actors with the capacity to influence relations between governments.

Despite 'internationalization' of corporate political power, nonmarket strategy and corporate political activity literature remain confined to the study of corporations within the public policy domain. The central premise of my proposal is that research on the topic should conjoin international relations with international business to create a more inclusive paradigmatic approach. Thus, the main theoretical contribution of this paper will be to integrate foreign policy as an issue area into the broader subject. I will suggest a theoretical development that will lay the groundwork for empirical research on various questions such as why corporations are becoming international political actors and what means they use to influence international

relations. The framework will adapt the three-level analysis model that exists in the literature to foreign policy area (a) national: political and institutional structure (b) sector: industry and regulations (c) firm: resource-based view.

The study will be based on qualitative research methods and two case studies – Turkey and the UK – that will allow me to make a comparison between a developing country and an advanced economy with regional and global interests respectively. Moreover, I will examine energy and defense sectors in detail due to their strategic importance in international political and economic issues to describe the causal mechanism. To develop the overall theoretical framework, I will gather empirical data by conducting between thirty and forty semi-structured in-depth interviews (currently ongoing) with business and government executives. To examine whether corporate influence in international relations can be explained within the suggested framework, I will test the theory by using the process-tracing method to conduct a within-case analysis.

### **Between cooperation and competition: global corporate power and the State. The case of Apple Inc.**

Rosalba Belmonte (University of Perugia )

In the current global scenario, political power is spread over four levels: supranational level, state level, subnational level and extra-state level. The extra-state level, on which we will focus here, includes those authorities that, despite their non-state nature, hold such power to self-regulate and to influence the activity of states, thus becoming key players of national, regional and global governance. Among the actors that make up the extra-state level, the category of multinational corporations (MNCs) is particularly interesting. By their economic strength, their transnational nature and the purposes they serve, MNCs play a self-regulating role and assume a growing political relevance. In the light of these considerations, we ask two main questions: a) how and by what means are MNCs able to set the political agenda of states? b) Considering their growing powers, do MNCs represent a threat for the state's authority or are they compatible with states and able to support them in several fields? To answer to these questions, the study will be divided into two parts. In the first part, after presenting the various categories of actors sharing the global political stage, we will focus on MNCs. As a case study, we will analyze Apple Inc. which, especially in the last years, has engaged in policy discussions in issues areas such as environment, civil rights and intellectual property. While on the one hand Apple Inc. cooperates with state governments through initiatives in support of public schools or vocational training programs for young people, on the other hand it challenges the states on issues such as fiscal policy or privacy protection. Our goal is to emphasize the powers which allow this category of actors to influence the public policy's agenda through their activity in strategic fields (e.g. advanced military technology), their advocacy activity and their direct interventions on society (e.g. implementation of infrastructures). In the second part, we will evaluate the effects of the power of MNCs as compared to the power of the states. We suppose a continuum between one extreme in which an extra-state authority coexists with the state and cooperates with it, and the other extreme in which another extra-state authority challenges it. We will rely on a number of indicators (control of strategic sectors; assets; implemented infrastructures; investments in issues areas such as global development, environmental sustainability, security; etc.) to compare the power of Apple Inc. with the power of several states with whom the company interacts, in order to position Apple Inc. along our continuum.

By studying the way and the means through which MNCs set the public policy agenda of state governments and the consequences on their authority we aim to contribute to address the lack of research on MNCs' power in the public policy process.

Keywords: world governance; extra-State authorities; global corporate power; transnational actors; multinational corporations.

### **Multinational corporations in the making of lesbians, gays and transgenders' rights in Brazil**

Joao Gois (Universidade Federal Fluminense)

Francisco Duarte (Universidade Federal de Rio de Janeiro)

It is almost common sense in different Brazilian academic fields that multinational corporations operate only towards the exploitation of the country's natural resources and workforce. Similar description is also quite often used to characterize the national corporations. Such description is far from wrong. Different studies have shown that business elites, both national and international, have extensively acted in a predatory manner in this country. Their wrongdoings include, for instance, participation in extensive schemes of corruption. Moreover, they played an important role in the consolidation of the military dictatorship and acted

to hamper the approval of more progressive and comprehensive social legislation in the early and late 20th century. All of this has overshadowed the contributions of these corporations to the betterment of Brazilian public policies in areas such as contemporary slave work. These contributions became more prominent during the 1990s and 2000s as some corporations, in conjunction with governmental agencies, started to promote better structured programs to enhance the participation of social minorities, namely women, Blacks, and people with disability, in the labor market. By doing so, they not only engaged in more socially responsible practices but also helped to propel state-driven policies. The creation, in 1998, of the Ethos Institute – an organization that have been trying to engage corporations in the fight against hunger, poverty, slave work, pollution, gender and race inequality in the workplace – rendered this process more consistent. Having said that, we hypothesize that major corporations operating in Brazil have been predominantly conservative regarding social public policies. Such conservatism, however, has been marked by ambiguity and pragmatism. Because of that, they could try either delay the formulation and implementation of public policies or propose more advanced measures. In order to explore this hypothesis, in this paper we will examine the so-called “Corporate LGBT Forum”. Composed by several multinational corporations, the Forum is an instance of how the corporate world defies societal and academic consolidated perceptions according to which big corporations are inherently conservative and incapable of respecting and promoting even the most basic human rights. The analysis will be done having elite theory, as developed by authors such as Ralph Miliband, Joseph Schumpeter, Claus Offe and David Vogel, as a backdrop. Notwithstanding their differences, they all acknowledge the substantial amount of power accumulated by different elite groups, mainly entrepreneurial ones, in capitalist societies. They also recognize that such accumulation allows them to hinder or legitimize either the betterment or some setbacks in political issues. Data for this paper were obtained in interviews with representatives of the corporations that participate in the Forum as well as consultants involved with its implementation. Written material was also used. Throughout the paper, we will highlight a few points related to the Forum dynamics, underlying ideas, and outcomes, hoping they can elicit more complex debates on the roles of multinational corporations in contemporary societies. It is almost common sense in different Brazilian academic fields that multinational corporations operate only towards the exploitation of the country’s natural resources and workforce. Similar description is also quite often used to characterize the national corporations. Such description is far from wrong. Different studies have shown that business elites, both national and international, have extensively acted in a predatory manner in this country. Their wrongdoings include, for instance, participation in extensive schemes of corruption. Moreover, they played an important role in the consolidation of the military dictatorship and acted to hamper the approval of more progressive and comprehensive social legislation in the early and late 20th century. All of this has overshadowed the contributions of these corporations to the betterment of Brazilian public policies in areas such as contemporary slave work. 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## Session 2

Wednesday, June 28th 16:15 to 18:15 (Block B 4 - 6)

### Discussants

John Mikler (The University of Sydney)

### MNCs and Their Role in Global Business Associations:

Karsten Ronit (Department of Political Science)

It is often assumed that MNCs have an overwhelming influence on politics through their privileged position in the economy, and that this is indirectly manifested in domestic as well as in international politics, or that MNCs in particular cases engage in directly leveraging political institutions when interests are at stake. However, MNCs have many other opportunities to further or stall public policy, and at different territorial levels business tends to work through various intermediaries, such as business associations that are able to speak for business interests in representative ways. This paper analyses the changing patterns of participation of MNCs in global business associations that represent various sets of collective interests. Usually, many global business associations work as federations, i.e. entities that have national associations as members but an increasing number of global business associations have provided opportunities for direct-firm membership or special forms of participation. This paper provides empirical insights into these practices and discusses the multiple reasons for the introductions of such mechanisms and the consequences for the MNCs themselves as well as for the associations, and evaluates the broader impact of the role of business in public policy.

### Business Interests, Energy Competition, Climate Change and Norms-based Actors

Aynsley Kellow (University of Tasmania)

Popular discourse has tended to see climate change as an issue on which 'business' is united in its opposition to action to address climate change — helped by works such as Naomi Klein's (2015) *This changes everything: Capitalism vs. the climate*. Even more scholarly analysis has tended to talk of business as a unified actor, and even the Secretariat of the Framework Convention on Climate Change expected the International Chamber of Commerce to speak on behalf of all business. But climate change policy is a classic example of regulatory policy, albeit in an international, multi-arena setting, and so it divides business along sectoral lines, which meant that the ICC — a peak association — was unable to make much of a contribution on behalf of its diverse membership. This paper will critically discuss the business interests that have been active within the several arenas that constitute the climate change regime, and paying particular attention to the activities of MNCs, showing how they are split according to various factors, but especially the carbon-intensiveness of energy sources. Moreover, at the 'coalface' of political action, MNCs (such as Adani) are targeted by transnational advocacy networks, while individual firms have also been active in support of global policy (with EnRon perhaps the most notorious example). The paper will show that 'Bootlegger and Baptist' coalitions, commonly found with regulatory policies, are present in the politics surrounding climate change, and are affecting the outcomes of sectoral energy competition in responses to the issue, but the global politics of climate change involves a complex mix of MNCs, sector associations and peak associations acting at various levels.

## **Analyzing Corporate Agency in Global Resource Politics: An Analytical Framework and Lessons Learned From the US Lacey Act Amendment**

Sina Leipold (Helmholtz Centre for Environmental Research - UFZ)

In 2008 the US amended the century-old US Lacey Act to prohibit the import of wood (products) traded illegally on global markets. This was seen as a breakthrough in the regulation of global resource trade. For the first time, the new Lacey Act introduced a consumer-side measure against illicit resource trade. Its passage came as a surprise to many policy experts because the proponents of the law had to overcome the opposition from globally organized import corporations.

This paper examines the role of corporate actors in the policy process leading up to the amendment. To do so, it first introduces an analytical lens useful to analyze corporate agency in the policy process: the Discursive Agency Approach. The approach follows an interpretive perspective. In this perspective, corporate actors' influence on policy processes is based on whether they are seen as relevant "stakeholders", "experts" or otherwise legitimate voices. Their specific role in the policy process is then conceptualized as their "agency", their specific statements and actions are conceptualized in terms of "strategies".

In a second step, the paper illustrates the analytical utility of this approach through the analysis of corporate discursive agency in the politics leading up to the US Lacey Act amendment. In particular, the paper examines if and how corporate agency and strategies have explanatory power for the passage and design of the US Lacey Act amendment.

The analysis is based on 31 semi-structured interviews with stakeholders involved in the policy process, more than 100 related documents, and participant observation data.

The results demonstrate that the US Lacey Act amendment emerged on the basis of a discursively created divide between the "national" and the "global" timber industry in the US. This divide was brought about by sophisticated strategies of environmental groups which 'produced' a novel, distinct corporate agency for national US timber producers. This then enabled the creation of a previously unimaginable, "unholy" coalition of the US timber producers and environmental groups. This coalition pursued distinct political strategies to make their own agency legitimate while skillfully delegitimizing "global" corporations importing wood into the US. In summary, the analysis shows that the new regulation was a result of (1) a split of a previously "collective" US timber industry into two distinct groups, and (2) a set of sophisticated discursive and governance strategies pushing the regulation through the US political system.

Based on the empirical analysis, the paper presents a systematic overview over the specific agency taken on by corporate groups in the US timber industry, their discursive and governance strategies, and the political dynamics between them. Finally, the paper illustrates the specific consequences of the political struggles for the design of the Lacey Act amendment and its implementation.

## **State capitalism and corporate power in the global food system: a case study of China's state-owned agri-food and chemical companies 'going global'**

Belesky Paul (International Environment and Development Studies (Noragric), Norwegian University of Life Sciences (NMBU))

A significant proportion of agri-food literature has, to date, focused on the uneven relations of power between the global North and the global South, and the neoliberal characteristics of the corporate food regime. However, this literature has often overlooked nuances in varieties of capitalism, particularly in East Asia. China is re-emerging as a powerful state actor in the regional and global food system. It is also an important hub of capital: facilitating new agribusiness mergers and acquisitions, and supporting and directing new East-South and South-South flows of agri-food trade, technology and capital. This paper aims to contribute to understanding state-led capitalism in China and the role of state-owned enterprises (SOEs) in the global agri-food system. It is contended that the contemporary global food system is in a period of transition. Arguably, the analytical contours of the corporate food regime cannot be adequately comprehended without recognising the incipient importance of state-led capitalism and the ways in which SOEs are reshaping relations of power in the global food system.

**Keywords:** Globalisation; corporate power; global food system; China; state capitalism; state-owned enterprises (SOEs).