

**A New Approach of CSR  
Thanks to the Concept of "Tools for Conviviality"  
brought in by Ivan Illich (1973)**

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*Hosted by Hiroshima Shudo University*

**A New Approach of CSR Thanks to the  
Concept of “Tools for Conviviality”  
Brought in by Ivan Illich**

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**1 – The essence of Corporate Social Responsibility**

*the obligation to work for social betterment  
is the essence of the notion of “corporate responsibility”*

William Frederick, (1978) 1994, p.151)

*I have chosen “convivial” as a technical term to designate a  
modern society of responsibly limited tools*

Ivan illich, 1973

***Corporation as a responsible limited tool in a modern society ?***

## 2 – The essence of Government

*the obligation to achieve social betterment  
is the essence of the notion of "a responsible government"*

Marc Humbert, 2010....

*In a democracy **the Government is responsible** :  
it has been elected and representatives exert **the power in the  
name of the people**  
if it fails to deliver **social betterment** it will be replaced by  
another one when the next round of elections will come*

*In a democracy **the Government is in charge** :  
To run the society, by law, regulations in order to serve the  
public, the collective interest,  
And **to achieve social betterment***

**Government as a responsible limited tool in a modern society ?**

## 3 – The essence of Society

*the acceptation by a relatively large number of individuals to live  
altogether under the same rule is the essence of Society*

Marc Humbert, 2010....

*In a democracy **individuals are autonomous and** decide altogether  
what will be the rules and vote to **form the Government***

*In a democracy **individuals are free**: freedom given to them by law,  
they may do many things including to form groups as far as they obey  
the law*

**Harmony and Cohesion are not given by Nature**

*the choice of "one common" Government is not easy: various opinions,  
ideas, wishes, "**private interests**" lead to conflicts that must be solved  
Everyday life is full of interactions not always smooth, but individuals  
and groups of the "civil society" do not ask whenever they have a conflict  
to the judicial system of the government to say who is right*

***Government** must avoid that society would be a jungle and the fight of  
all against all: law and regulations must save "conviviality"*

**Society is convivial when relying on responsible limited tools**

## 4 – The essence of groups within Society

*Groups are private, they are part of the “civil society”:*

*Social groups*

*families, clan, tribes, provinces within a society are a part of society and altogether they form the whole society;*

*Other are ad hoc groups,*

*a certain number of individuals decide, freely, altogether, to form a group in order to do something; each of them may be member of different groups; they have rules inside their groups*

*In a democracy, Government is not a group, neither social nor adhoc, it is an institution*

*We usually consider an Enterprise as a, ad hoc group of individuals, They are adventurers, they team to make things*

*“a firm is an entity which knows how to make things” ? ? ? ??*

Richard Nelson

**Government is an Institution, is the Corporation an institution ?**

## 5 – The essence of Corporations

*Corporation are equity-ventures: an ad hoc group of people “investors” put money altogether to get more money.*

*Law authorizes their incorporation and let them operate the running of some activities of the society, a part of the so-called economic activities*

*These activities are performed by individuals at the service of the investors. They are hired by them and paid to do a job. These individuals are not member of the corporation they are at its service and receive compensation for that*

Usually,

**a Corporation in its “operation of activities” is not an Entreprise**  
*in the sense that it is not an ad-hoc group of individuals who teamed to make things and where these individuals are members of the group*

**Corporations are institution**

## 6 – The modern corporation as an Institution

*the modern corporation as an institution is entitled to much more respect than it has frequently received. The dangers inherent in its use are also great enough to require serious attention. The possibilities of its continued development are, so far as one can see, unlimited. It is, in fact, an institution at a cross road in history, capable of becoming one of the master tools of society—capable also of surprising abuse; worthy of the attention of the community as well as of scholars.”*

Adolph Berle, Jr. 1954

***Corporations as master tools of society, capable of abuse***

## 7 – The modern corporation as a threat to society

*“When an enterprise grows beyond a certain point on this scale, it first frustrates the end for which it was originally designed, and then rapidly becomes a threat to society itself”. Illich, 1973.*

*This is an adhoc group as an Entreprise that, according to Illich could harm society, that is make some “abuse” in the sense of Berle, and certainly this is not a contribution to a social betterment  
If this is the case of an Entreprise, what is it about Corporation?*

*“Corporate endeavors which thus threaten society cannot be tolerated. At this point it becomes irrelevant whether an enterprise is nominally owned by individuals, corporations, or the state, because no form of management can make such fundamental destruction serve a social purpose” Illich , 1973*

***Corporations threaten society instead of contributing to social betterment***

## 8 – The relation between corporation and society

**“what is good for General Motors is good for America”.**

Charles Erwin Wilson, 1953.

*1971 Watershed – Watergate Nixon – 1973 Chile – ITT- Allende  
1979 Thatcher 1981 Reagan...*

Corporations have become bigger and bigger with unthinkable concentration: ATT was dismantled (in 1984 when it was the largest company on earth employing one million people) but Microsoft became a super monopoly without any serious political opposition. Banks have merged everywhere and cross-border mergers and acquisitions have become the first source of international investment. The investors and shareholders want to get a return on their money/

The problem of diseconomies of scale in terms of outcome for the society, far from being tackled, was amplified and worsened.

***Corporate Social Responsibility is a good discourse to avoid protestation***

## 9 – The United Nations Global Compact, 2000

**“The overarching goal is therefore to reshape the contract between business, government and society, establishing a new balance of responsibility”.** ”.

UN Global Compact Report 2010.

“The financial crisis, which has had a strong negative impact for most countries, has illustrated the consequences of unrestrained financial risk taking and short-term speculation. Restoring **trust in market** requires a shift to long-term sustainable **value creation**”.

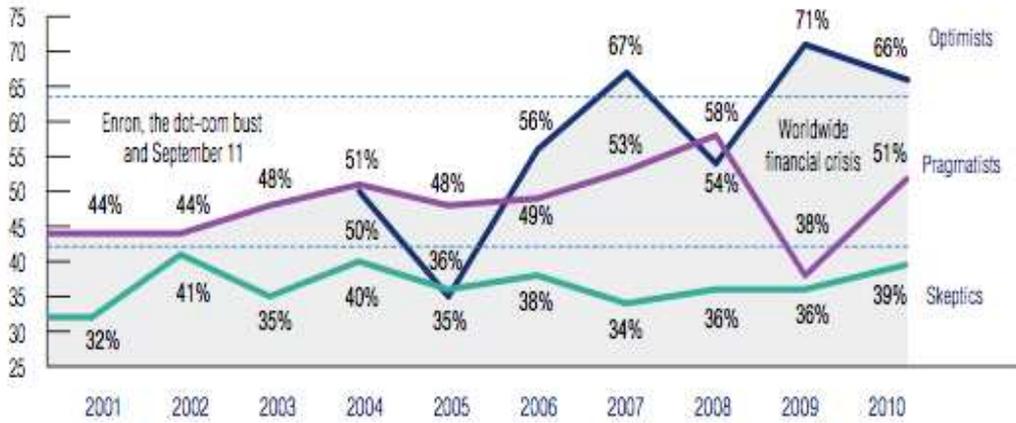
Frederick (1978-1994, p.161) “CSR<sub>2</sub> contains no explicit **value** theory and advocates no specific set of values for business to follow in making social responses”.

**Trust in markets** is one thing, trust in **Corporations** acting in the markets, and trust in **governments** supposed to edict the rules for the market, is another one.

***Relation between Corporation and Society poses a problem of trust and a problem of value***

## 10 – Distrust against Business and Government

How much do you trust business to do what is right?

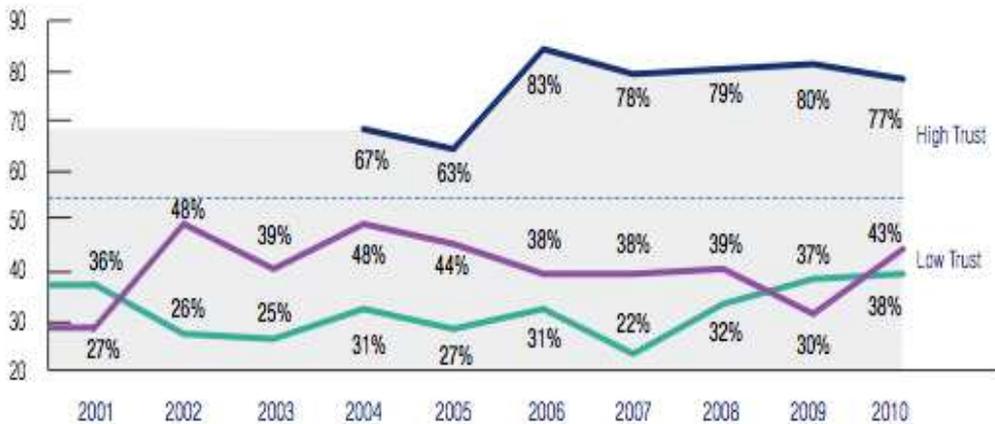


Informed publics ages 35 to 64 in the U.S., U.K./France/Germany, and China.

■ U.S. ■ U.K./France/Germany ■ China

## 11 – Distrust against Business and Government

How much do you trust government to do what is right?



Informed publics ages 35 to 64 in the U.S., U.K./France/Germany, and China.

■ U.S. ■ U.K./France/Germany ■ China

## 12 – The European Campaign fo CSR

“the principles of CSR are an essential component of the European Social Model and of the European Strategy for a Sustainable Development as well, so that it can respond to the social problems brought in by economic globalization”.

“Corporate Social Responsibility is part of the Europe 2020 strategy for smart, sustainable and inclusive growth. It can help to shape the kind of competitiveness model that Europe wants”

“CSR is more relevant than ever in the context of economic crisis. It can help to build (and rebuild) trust in business, which is vital for the health of Europe’s social market economy. It can also point the way to new forms of value creation based on addressing societal challenges, which may represent a way out of the crisis”.

***What is this magic potion?***

## 13 – A slogan is not a concept

The definition of CSR by the EU commission is “A **concept** whereby companies **integrate** social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”

***Integrate could mean “companies could show responsiveness”***

“Frederick (1994) put the focus on the literature that developed this idea of “the capacity of a corporation **to respond to social pressure**”(p.164) the *Corporate social responsiveness*. This is a management approach which avoids the ethical aspects; questions the like: “why? whether? for whose benefit? according to which moral principles?” (p.155), questions that have no answer in economical management theory. For Frederick “it takes the “moral heat” off business” (p.158).

- This put apart the problem of Value-Ethic that does not fit in a theory
- This would suppose the existence of strong social pressure as with countervailing powers ( before 1971) not only words and discourse, to respond ..

***Where is the the theory in which this concept would have a meaning?***

## 14 – No value system except Growth in the market

What is the betterment of society ?

“the experts’ goals are taken as the measurement of what ‘better’ means.” illich

The usual assumption is that growth and growing consumption will make people happier. Easterlin showed that growth does not make happy

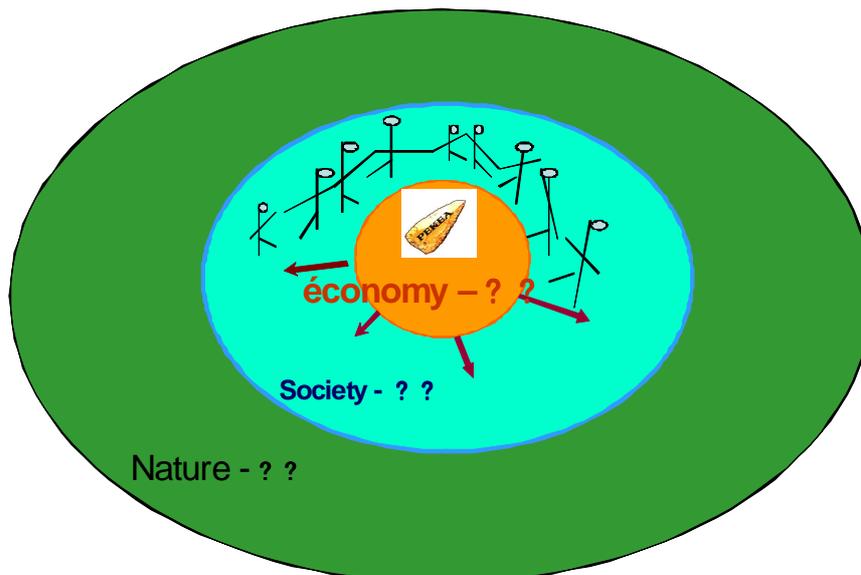
“The percentage of Americans calling themselves happy peaked in 1957-even though consumption has more than doubled in the meantime. Despite high consumption, poverty and deprivation are found in all industrial countries and in some they are growing” (UNDP, 1998, p.2)

We are locked in a unique evaluation by the market, by the economy. The society and the Corporation have divorced and played in an artificially separate world

“By talking of business and social responsibility as if they are two separate things, we unintentionally promote the idea that they involve discrete thought processes and activities.[...] Herein lies the problem with “Corporate Social Responsibility”. Corporate Social Responsibility (CSR) reinforces the “separation thesis” – the idea that we can separate “business” from “ethics or society”. Edward Freeman

### *What about the triple bottom line?*

## 15 – Nature around us, living altogether and managing our activities “including” economic ones



## 16a – Economic Serfdom or Political conviviality to make Enterprise as a convivial tool at the service of society

### *Scales and limits*

“We must come to admit that only within limits can machines take the place of slaves; beyond these limits they lead to a new kind of serfdom.” Illich

In consideration to the separation issue, Edward Freeman (2006) has pointed out : why “corporate” and not “business” social responsibility. This is a responsibility for all and he recalled at that time “companies with fewer than 50 employees employ more than three times the number of US workers than companies that have 1,000 or more employees”. It is not clear when, for a company, its size is too big to let this company to be really good for the society.

### *Work together and care for each other*

Edward Freeman (2006) “the very idea of managing for stake-holders is that the process of value creation is a joint-process”.

Thus this is true for all kind of value either assessed in the market or not.

### *Priority to society ends*

## **CSR must enter in a theory of Society**

## 16b – Economic Serfdom or Political conviviality to make Enterprise as a convivial tool at the service of society

### *Priority to society ends*

“Escape from the commitment to the economic priority has, it will be clear, a broadly emancipating role.[...] Nothing is more wished, welcome and urged” Galbraith, 2001

Finally, the problem is that not only Corporation, Business, but everyone has a social responsibility and not only “rights”, “human rights”. Responsibility is to take power to organize altogether a society of advanced conviviality

This is in line with Illich’s thought:

“Once these limits are recognized, it becomes possible to articulate the triadic relationship between persons, tools, and a new collectivity. *Such a society, in which modern technologies serve politically interrelated individuals rather than managers, I will call “convivial.”*”

## A New Approach of CSR Thanks to the Concept of "Tools for Conviviality" brought in by Ivan Illich (1973)

Pr Marc Humbert<sup>1</sup>

This is a preliminary draft, please don't quote

*[...] the modern corporation as an institution is entitled to much more respect than it has frequently received. The dangers inherent in its use are also great enough to require serious attention. The possibilities of its continued development are, so far as one can see, unlimited. It is, in fact, an institution at a cross road in history, capable of becoming one of the master tools of society—capable also of surprising abuse; worthy of the attention of the community as well as of scholars."*

Adolph Berle, Jr. *The Twentieth Century Capitalist Revolution*<sup>2</sup>, (1954)

*I have chosen "convivial" as a technical term to designate a modern society of responsibly limited tools*

*[...] When an enterprise grows beyond a certain point on this scale, it first frustrates the end for which it was originally designed, and then rapidly becomes a threat to society itself.*

*[...] Corporate endeavors which thus threaten society cannot be tolerated. At this point it becomes irrelevant whether an enterprise is nominally owned by individuals, corporations, or the state, because no form of management can make such fundamental destruction serve a social purpose.*

Ivan Illich, *Tools for Conviviality*<sup>3</sup>, (1973)

The basic argument of this paper is that the bulk of the literature and actions around the concept of CSR and around the concept of stakeholder-corporation as well, is driven by an attempt to find a way towards a society of advanced conviviality<sup>4</sup> as designed in 1973 by Ivan Illich. However these innumerable attempts are carried out mainly without any clear-cut

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<sup>1</sup> MH is currently director of one of the French Research Institutes Abroad, the one located in Tokyo at Maison Franco Japonaise, 日仏会館. He is appointed by the French Foreign Ministry, MAEE and the Research is associated with CNRS. This a Research Centre on Contemporary Japan with a code name UMIFRE 19 CNRS-MAEE and together with its counterpart in Hong Kong they are the USR CNRS 3331 "East Asia". He is on leave from his assignment as a Professor at the University of Rennes (Faculty of Economics and Rennes Research Centre on Japanese Culture (CRCJR) in the Laboratory of Sociology and Anthropology (LAS)).

<sup>2</sup> This quotation is made after the beginning of the book by Ted Nace (2003) *Gangs of America, The Rise of Corporate Power and the Disabling of Democracy*, Berret-Koehler Publishers, San Francisco. They (<http://www.bkconnection.com/static/story.asp>) have published also David Korten (1995) *When Corporations Rule the World* and (2010) *Agenda for a New Economy, from Phantom Wealth to Real Wealth*.

<sup>3</sup> Quoted from the book available on line: [http://clevercycles.com/tools\\_for\\_conviviality/](http://clevercycles.com/tools_for_conviviality/). There is a webpage referencing all Illich's writings available on the web: <http://www.preservenet.com/theory/Illich/IllichTools.html> (where book *Tools for Conviviality* is available with the pagination of the printed book).

<sup>4</sup> Frederick (1994, p.151) puts it in another way: "the obligation to work for social betterment is the essence of the notion of « corporate responsibility".

vision or ideology and/or without a sound analysis of the current way of working of our societies and corporations; they are based on the illusion that it could be possible to make progress in this direction towards a society of advanced conviviality without implementing radical changes.

## The 1971 Watershed

When Illich was writing his book, around 1971, the discontent from experts regarding the corporate behavior stemmed from their analyses of it and from its impact on the general well-being. The time when the widely accepted slogan “**what is good for General Motors is good for America**<sup>5</sup>” had gone. Growth, from which more or less everyone took a little benefit, as to get hope that children will be better-off than parents, stopped around 1971. For US citizens it had been a true nice history since the New Deal, this had been also true and nice for European people during 35 years following the aftermath of the Great Depression – let apart the second WW- and the Japanese have got the same feeling during 40 years after the war. To a certain extent, to work hard for a bright future has convinced the huge population of China since 1978 and this could be let unchanged as long as China enjoys high growth. The same feeling is dominant to-day in all the BRIC’s and in many emerging countries in Asia and elsewhere. However they resent two threats that were not the lot of their predecessors: the pressure of the ecological challenge and the pressure for less wild growth from countries which have mainly built their industry wildly and without any ecological consideration.

Even if some discussions about CSR and the stakeholder-shareholder trade-off were posed by the literature years before 1971, the growing concern about these topics started at this moment. Interesting enough, at this very time, Milton Freeman voiced a relevant claim –see below. His ideology and vision took the lead in the global world, after 1971, when Nixon proclaimed that he was a Keynesian<sup>6</sup>; however, Nixon paved the way for neo-liberalism to thrive first in Chile (1973 with the involvement of ITT and the assassination of Allende) and then, later on, in the US in 1981 with Reagan (two years after Thatcher became PM in the UK) and helped it to spread throughout the world.

The problem of the relation between society and corporation changed dramatically during the following decades and instead of tackling it to its roots, and fighting what Illich has mentioned in his book, moves were made to avoid any radical change. Corporations have become bigger and bigger with unthinkable concentration: ATT was dismantled (in 1984 when it was the largest company on earth employing one million people) but Microsoft became a super monopoly without any serious political opposition. Banks have merged everywhere and cross-border mergers and acquisitions have become the first source of international investment (but in fact when one corporation buys another one the usual outcome is restructuring and eventually a disinvestment). The problem of diseconomies of

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<sup>5</sup> This has become a usual quote: it was an answer by GM’s Chairman and CEO, Charles Erwin Wilson in 1953 to the hearings’ committee to be appointed as Secretary of Defense of President Ike Eisenhower.

<sup>6</sup> The phrase “we are all Keynesians now” was first attributed to Milton Freeman in Time Magazine (31 Dec. 1965) who sent a letter to Time Magazine (published in its 4 Feb; 1966’s issue) to put his full correct statement “in one sense, we are all Keynesians, in another, nobody is any longer Keynesian”. When Nixon decided the devaluation of the dollar and broke the Bretton Woods agreement (1944) based on the gold exchange standard (fixed value at 35\$ for 1 ounce of gold) in 1971, he was quoted as having said “I am now a Keynesian in economics”. See “The Comeback Keynes” Time, 23 Oct. 2008 (<http://www.time.com/time/magazine/article/0,9171,1853302,00.html>) The phrase re-appears from time to time and it was ironically quoted by the Newsweek Cover in Feb 2009 “We are all socialists now” as both conservatives and democrats were advocating more government power and to pour money into the economy (mainly into banks and corporations not for poor people).

scale in terms of outcome for the society, far from being tackled, was amplified and worsened.

In the meantime, focus was on the value for the shareholder in a globalized and financial world, on the value of the corporation to buy (to be privatized and sold by a government, e.g. as many were sold by the French socialist one of François Mitterrand) on the one hand and, on the other hand, the discourse about CSR and about of the role of Stakeholder were both highly appreciated. It was so much important to compensate one by the other that the UN, along with its large framework of supposed radical projects at the turn of the Millennium – designed to keep poor countries quietly expecting a better future-, organized a special initiative to develop broadly Corporate social responsibility. This is the Global Compact Initiative.

### **The Global compact initiative: CSR’discourse at World Level**

The Global compact initiative was started in the occasion of the launching of the Millennium Development Goals (MDG) in 2000<sup>7</sup>. Countries have given themselves 15 years to achieve very basic levels of materialistic development for the human beings of the whole earth; it is now clear that almost no one of these goals will be achieved.

Ten years after the launching, the UN Global Compact held a “Leaders summit 2010” and is involved in “building a new era of sustainability”. A special session took place at the ECOSOC Chamber where 13 Ministers along with a representative of the EU and one of OECD took the floor with an audience of 50 people, representatives of 22 countries.

May we say that it is a success with so many countries involved at such a high level of “responsibility”? Let us say that, in case this is taken as a crucial issue for the future, the common knowledge that these goals for development will not be reached, should already have triggered important initiatives to curb the trends and to take serious decisions to change the policies.

However, it is claimed as in the 2010 report “**The overarching goal is therefore to reshape the contract between business, government and society, establishing a new balance of responsibility**”. Not less. But where are the tools to do it? Global Compact and CSR are the supposed ones.

Are there any more satisfying results in the field of the Global Compact?

Ten years after the launching, the Ministerial Statement<sup>8</sup> reads “We support a broad call for corporate responsibility<sup>9</sup> through the alignment of business operations and strategies with the Global Compact’s 10 principles on human rights, labour, environment and anti-corruption.” They feel the necessity to launch again and again the same call for two reasons, I assume.

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<sup>7</sup> The idea was put on the global scene by Kofi Annan the UN Secretary General at the annual Global Economic Forum in January 1999, at Davos (Switzerland) where it was welcome.

<sup>8</sup> 23 June 2010: I will quote hereafter point 3 and then point 2 of the statement. All information and reports are available on [www.unglobalcompact.org/](http://www.unglobalcompact.org/)

<sup>9</sup> Underlined in the original text.

*First* reason is that they cannot avoid acknowledging that the recent crisis clearly demonstrates the total lack of social responsibility from Corporations regarding the way our societies are working. They stated the following: “The financial crisis, which has had a strong negative impact for most countries, has illustrated the consequences of unrestrained financial risk taking and short-term speculation. Restoring trust in market requires a shift to long-term sustainable value creation”.

Two remarks.

1- Trust in **markets** is one thing, trust in **Corporations** acting in the markets, and trust in **governments** supposed to edict the rules for the market, is another one.

Elderman’s barometer (see below) shows a very low level of trust by the general public into these two categories of actors.

2- What is “long-term sustainable **value** creation”? This question is fundamental, and somehow linked with the previous one, because the only criterium, usually in operation to assess value, is to let markets make the decision.

UN global compact gives a few more words to express hope: “value creation that can simultaneously benefit the private sector and the societies at large”. This insufficient clarity is a flaw that had already been pointed by Frederick (1978-1994, p.161) “CSR<sub>2</sub> contains no explicit value theory and advocates no specific set of values for business to follow in making social responses”.

*Second* reason is that they do know that the number of Corporations that have joined the Global Compact is a ridiculous figure when compared to the number of Corporations in the world. UNCTAD for its Annual Report on FDI counts at least 80 000 Multinational Corporations<sup>10</sup>. Ten years after it was launched, The Global Compact claims 8491 participants among which 6113 businesses; among these businesses, 20% of them ore 1249 Corporations have failed to deliver a Communication on Progress. A Corporation joins the GC on a voluntary basis and claims its commitment to the goals and is invited to report on advancement it makes.

Table 1: Participants to the UN Global Compact (2010)

Country	Business	Other	Total
Japan	110	7	117
Korea Rep. of	117	56	173
China	166	29	197
India	154	71	231
France	615	77	692
Germany	140	43	183
USA	269	148	417
<b>TOTAL</b>	<b>6113</b>	<b>2378</b>	<b>8491</b>

Source: www.unglobalcompact.org

Participation to the initiative is relatively low and different from one country to another one, without correlation with its economic size (See table 1). Even if Europe via the EU

<sup>10</sup> The last (twentieth edition) report from UNCTAD (2010) indicates 82 000 TNCs for 2008 and each one as a number of foreign affiliates that can be more than 100 in as much as different countries for the larger TNC (TransNational Corporation).

bureaucrats and the EU Parliament is strongly backing the initiative, France is the real leader: in business (10% of the world total!) and also in other categories with a dozen of business schools and several universities. Germany despite a much larger economy ranks largely behind. Japan is overtaken by Korea. China is a leader for business in Asia, but it is overtaken by India for the non businesses (NGO, Academics and cities) and for the total: both are largely ahead of Japan.

At first view, it looks as if the participation to the Global compact is partly linked to the necessity by the businesses to show that they are not so bad for Society as they are considered to be (France, China, India) whereas businesses that are relatively well appreciated in their country (Germany, Japan), do not need to take this “certificate” – in fact it is a self granting operation; they give it to themselves as they participate on a voluntary basis and 20% forget to deliver information on their “good” behaviour. The last case is that of countries where majority of businesses do not care about the opinion concerning their involvement in the society concerns.

Additionally, we may assume that in France and India too (differently in China), there is a relatively high pressure or hope from the civil society to change the way with which their respective country’s businesses are behaving.

Among members of the Global Compact we may find<sup>11</sup> BP Plc of UK. It is a member since the near beginning (26/07/2000). It has created the worst environmental disaster in the Gulf of Mexico (explosion in April 20, 2010) after it has been granted safety waivers in order to operate the deep-water drilling causing the damage and this company get this despite a record of 760 drilling safety and environmental violations<sup>12</sup>. For the general opinion it is difficult to take this seriously and not to think that it is only words, slogans, and not really responsible involvement.

### **Discontent in the General Opinion as a consequence of the emptiness of a pervasive slogan.**

Illich states that we cannot put our hopes neither in the Corporation nor in the Government to escape our dire situation and to make our way towards a society of advanced conviviality. It is not simply a lack of confidence in markets, it is a lack of confidence in these two institutions.

I will not elaborate here about Governments. Just to say, on the example of the USA that many Governments or States looks as if they were at the service of the Corporate world and not at the service of the General public. The argument by James Galbraith (2008) is that the State is a Predator State. The State is running an economy where there is no free market but Corporation that are free to exert their powers in the market with the help of the Government.

This loss of confidence is relatively new. The loss of confidence in Business is more ancient. Nace (2003, p.162) pointed out that “From 1968 and 1977, the percentage of Americans who agreed that “business tries to strike a fair balance between profits and the interests of the public” dropped from 70 percent to 15 percent ».

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<sup>11</sup> Confirmed result of the Research in the web in August 2010 ;

[http://www.unglobalcompact.org/participants/search?commit=Search&keyword=BP&joined\\_after=&joined\\_before=&business\\_type=all&sector\\_id=all&cop\\_status=all&organization\\_type\\_id=&commit=Search](http://www.unglobalcompact.org/participants/search?commit=Search&keyword=BP&joined_after=&joined_before=&business_type=all&sector_id=all&cop_status=all&organization_type_id=&commit=Search)

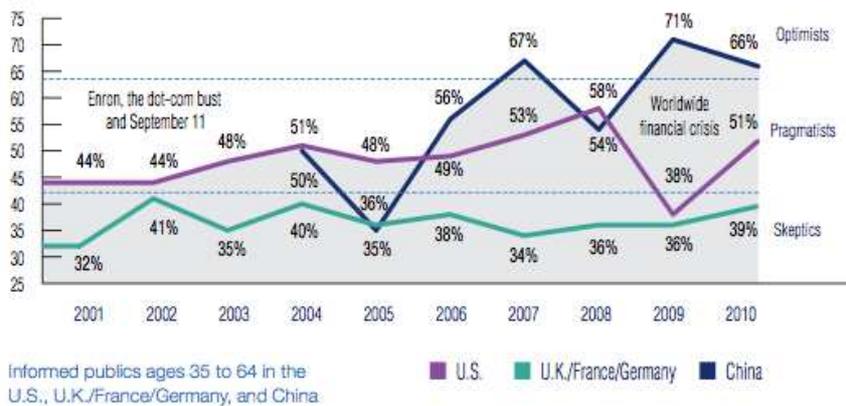
<sup>12</sup> Explanation on violations are available hereafter : <http://www.thedailygreen.com/environmental-news/latest/bp-safety-record-0517>

Stephen Hesse « Our Planet Earth- Wherefore art thou, corporate social responsibility ? » *The Japan Times*, July, 25, 2010. He quotes MoveOn.org a political-action advocacy group in the US.

More recent assessments have been made by The Edelman Trust Barometer. It has been tracking trust in these institutions for a few years among general public in a few countries. I have taken from their last report the following table (2). The figures are very impressive showing strong discontent and distrust in the General Opinion since 2000 despite huge propaganda for CSR at the world level.

Table 2: Distrust against Business and Government (2001-2010)

How much do you trust business to do what is right?



How much do you trust government to do what is right?



Source : <http://www.edelman.co.uk/trustbarometer/>

Thus, despite all the discourse on CSR, the general opinion has not been convinced yet. However, it is clear evidence – as the theme chosen for this symposium also demonstrates – that “Corporate social responsibility (CSR) is a field of study with significant implications for academia, industry and society. Corporate responsibility has become indispensable in modern business discourse<sup>13</sup>” and in relevant management curriculum and in the discourse of the politician as well. Literature is well furnished with thousands of pages of studies and advice for managers how to use this slogan. Politicians and civil servants at the highest levels meet in forums, committees, organize sessions and seminars all around the globe.

In the European Union, since 1999, Richard Howitt has prepared three reports about the CSR for the European Parliament. The EU congratulated itself when, in 2006, the Global Compact

<sup>13</sup> Adaeze Okoye (2009) « Theorizing Corporate Social Responsibility as an Essential Contested Concept: Is a Definition Necessary » *Journal of Business Ethics*, vol 89, p.613-627.

signed an alliance with the “Global Reporting Initiative”, launched in 1997<sup>14</sup>. In all these reports the European Parliament states its conviction that the principles of CSR are an essential component of the European Social Model and of the European Strategy for a Sustainable Development as well, so that it can respond to the social problems brought in by economic globalization. The European Commission takes only a little lag to get in line with the European Parliament and it is still a little behind.

At the Lisbon summit in 2000, setting the strategic goals for Europe, the European Council made a first appeal on the theme. It was in 2001 at Gothenburg that the European Council decided that the sustainable development strategy should be a dimension of the whole EU strategy and of the Lisbon commitment. Thus the Green Paper on CSR (2001), the Communication of the Commission on CSR in 2002 and the setting up of the European Multi-Stakeholder Forum on Corporate Social Responsibility decided in July 2002.

The main objective is to disseminate the idea and promote “a dialogue between the business community, trade unions, civil society organizations and other stakeholders<sup>15</sup>”. After the European Competitiveness Report 2008, the idea came to “Make Europe a Pole of Excellence on CSR<sup>16</sup>”. In December 2007, the declaration of the President of the European Parliament was “ time has come for business, investors, governments, civil society, academia and the cultural and spiritual communities to engage together in rebuilding trust and hope in the capacity of business and all players to compete with integrity towards a fair and sustainable society<sup>17</sup>”.

The definition of CSR by the EU commission is “A **concept** whereby companies **integrate** social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis<sup>18</sup>”.

*Remarks: the emptiness of the slogan*

*First.* A **concept** is a useful tool for any theory which is organized within a paradigm, that is to say, a rule according to which any item in the toolbox can be put into inter-operation with any other one or several according to a rule of working- a theory- to produce new knowledge. There is no concept alone, there is no concept but within a theory.

**Which is the theory in which this concept fits?**

*Second.* What does mean **integrate**? To take into account? To be sure every company tries not to forget all the actors all around and their motives and concerns. A player must understand the motives that are driving the decisions of the other players so that he can make the best decision for him. Doing this may help the company to be able to manage factors that have influence on the motives and concerns of other players in order to serve its own interest. There is no recommendation to adopt an ethical point of view, no indication to make a change in the ends that are the motives to run a business.

However the discourse is that “CSR is more relevant than ever in the context of economic crisis. It can help to build (and rebuild) trust in business, which is vital for the health of

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<sup>14</sup> See [www.globalreporting.org/pages/en/european\\_dialogue.html](http://www.globalreporting.org/pages/en/european_dialogue.html)

<sup>15</sup> Everything available on their activities in their website in the pages of the European Commission dedicated to “Enterprise and Industry- Sustainable and responsible business” [http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sustainable-business/corporate-social-responsibility/index_en.htm)

<sup>16</sup> It was prepared and worded in 2006 by a communication from the Commission to the European Parliament, to the Council and to the European Economic and Social Committee: COM/2006/0136 final.

<sup>17</sup> See full speech on [www.csreurope.org](http://www.csreurope.org).

<sup>18</sup> This definition was presented in 2001 in COM(2001)366.

Europe's social market economy. It can also point the way to new forms of value creation based on addressing societal challenges, which may represent a way out of the crisis<sup>19</sup>."

And the Commission recently claimed<sup>20</sup> that "Corporate Social Responsibility is part of the Europe 2020 strategy for smart, sustainable and inclusive growth. It can help to shape the kind of competitiveness model that Europe wants". Following this Strategy- and before its adoption by the European Council<sup>21</sup>, and as soon as it was proposed in March 2010, the European Commission made a commitment to "renew the EU strategy to promote Corporate Social Responsibility as a key element in insuring long term employee and consumer trust".

How such a simple idea could open to the world **a way out of a global crisis**? How this idea could work more to-morrow than it did during the last ten or more years? How it will be able not only to restart growth which has always gone along with growing inequalities, but to make it a growth that **miraculous "inclusive growth"**?

Why so large a mobilization of time, symposiums, and expensive meetings on CSR, so many words and so little outcomes? The main outcome is an overlasting and perhaps growing distrust in the general opinion. And a crisis in 2008 which showed again, after years of official commitment to CSR, that many large corporations may have behaved improperly and did harm to society included under official CSR commitments and under the law and the eyes of Government.

The crisis is far more than a simple consequence of a Lehman brothers shock. The Whole machine is running towards its own destruction, **it's time to have radical changes and not only a discourse to ask businessmen who were not "fair" to pretend they will make any effort "to become fair"**.

The present situation of society is certainly worse than the one described by Illich in 1973, and the main issue is not the form of management. A re-institutionalization of society is needed and this huge issue poses problems that cannot be solved even with these attempts to get a fair, "socially" responsible management. Let us read Illich again.

"Society can be destroyed when further growth of mass production renders the milieu hostile, when it extinguishes the free use of the natural abilities of society's members, when it isolates people from each other and locks them into a man-made shell, when it undermines the texture of community by promoting extreme social polarization and splintering specialization, or when cancerous acceleration enforces social change at a rate that rules out legal, cultural, and political precedents as formal guidelines to present behavior. Corporate endeavors which thus threaten society cannot be tolerated. At this point it becomes irrelevant whether an enterprise is nominally owned by individuals, corporations, or the state, because no form of management can make such fundamental destruction serve a social purpose."

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<sup>19</sup> European Commission Homepage on CSR, already quoted and more in: "Corporate social responsibility (CSR) is good for society, the environment and business" in Enterprise & Industry Online Magazine, July 2010 ; internet url: [http://ec.europa.eu/enterprise/e\\_i/news](http://ec.europa.eu/enterprise/e_i/news)

<sup>20</sup> See the homepage already quoted.

<sup>21</sup> The European Council reached an agreement in June 2010 following the communication (3/3/2010 COM (2010)2020 ) by the Commission and the discussion during the meeting of the European Council on the 25 and 26 March 2010 (see [http://ec.europa.eu/eu2020/index\\_en.htm](http://ec.europa.eu/eu2020/index_en.htm))

## **Lets' get out the unique Valuation index system: Growth in the market**

It is with a focus on a unique index: GDP growth<sup>22</sup> that the dominant way of thinking in the EU, in Japan, in the States and almost all politicians are checking whether we are on our way out of the crisis or not.

We had growth for years and despite this growth, crises occurred and they are becoming worse and worse. This is the problem that is not addressed. In so kind discourses for a better future with CSR, everyone speaks about values, but the only way, in the current machinery, to assess the value is to take the market value, the price it sells on the market. The good, the better, is what is of better value; and, in order to assess value, we have nothing but the price in the market. And better is bigger GDP, larger share of the market.

**What is really better?** Let us read again Illich:

“People get better education, better health, better transportation, better entertainment, and often even better nourishment only if the experts’ goals are taken as the measurement of what ‘better’ means.” The usual assumption is that growth and growing consumption will make people happier. Easterlin (1974) has shown that in the USA, although income by person rose steadily between 1946 and 1970, the average reported happiness presented no long-term trend and declined between 1960 and 1970. The UNDP Human development report in 1998 focused on consumption and gave the following information: How rewarding is today's pattern of consumption in terms of human satisfaction? The percentage of Americans calling themselves happy peaked in 1957-even though consumption has more than doubled in the meantime. Despite high consumption, poverty and deprivation are found in all industrial countries and in some they are growing” (UNDP, 1998, p.2).

We are locked in a unique evaluation by the market, by the economy. The society and the Corporation have divorced and played in an artificially separate world. This is the scheme of our common analysis, (our conventional wisdom, the ingrained thought – JKG<sup>23</sup>), the grid with which we analyze, we judge and we act.

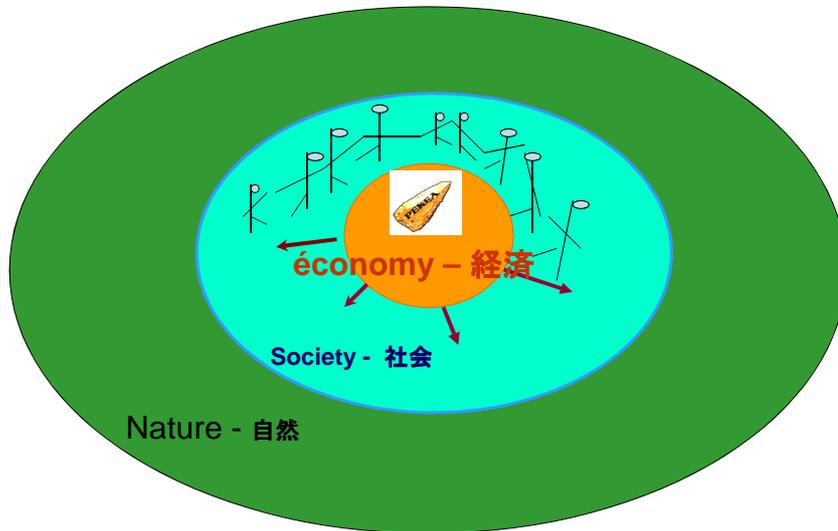
Let's take **the triple bottom line**, introduced by Elkington (1997). It is a good idea to try to assess separately what is done for the economy, for the society and for the preservation of the environment. But this framework is based on a scheme which relies on a fundamental flaw. We have in our heads a clear separation between economy, society and environment or nature. Many representations try to put them as oval sets that could have some intersections. But no one goes to the sheer reality: environment and nature surround us, we are inside; humanity is not made of free and independent individuals but of people living together, making love, families, communities, states. Society is created within Nature - an environment, a milieu- by people arranging their lives and all their activities. The way these activities are arranged is governed by power – politics- and ethics. What to do or not to do, how to do it, what is important, more, less etc. politics and ethics dictate the rules. This activity will be a market one or not, decision is made even for the production of the basic needs. The contingency of this decision is clear and it defines the blurred boundaries of what is the economical domain.

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<sup>22</sup> See Serge Latouche for De-growth ideas. In Japanese he has just published a book in July 2009 which has already been re-edited more than five times. セルジュ・ラトウシュ 「経済成長のなき社会発展は可能か? <脱成長>と<ポスト開発>の経済学」 ”*keizai seichô naki shakai hatten wa kannô ka? – datsu seichô- to-posuto kaihatsu- no keizai gaku*”(is possible a development of society without economic growth? economics of- degrowth- and – postdevelopment-), 作品社、東京 sakuhin sha, Tôkyô.

<sup>23</sup> « The real world has constraints imposed by human nature, by history and be deeply ingrained patterns of thought » (Galbraith, 1996, p. 13 )

To be sure the forces driving the expansion of this domain have been especially strong since the industrial revolution and reinforced after WWII and they have enjoyed a last push after 1971 and the coming of age of neo-liberalism<sup>24</sup>.



Edward R. Freeman who launched the Stakeholder approach of business (1984) points out this divorce. “By talking of business and social responsibility as if they are two separate things, we unintentionally promote the idea that they involve discrete thought processes and activities.[...] Herein lies the problem with “Corporate Social Responsibility”. Corporate Social Responsibility (CSR) reinforces the “separation thesis” – the idea that we can separate “business” from “ethics or society”.

### **Lost hopes: countervailing powers dwarfed to weak palliatives and replaced by false expectations**

#### *Countervailing powers*

During the 20<sup>th</sup> century and until around 1971, the growing power of forces -driving the economic priority and its expansion- had encountered growing “**countervailing powers**”, according to the wording by J.K. Galbraith (1952). They had been able to put the economic tool at the service of society. They could have played a growing role. However, it was just when J.K. Galbraith gave us evidence of their existence, that their influence started to decline and finally vanished.

On a particular point, for example, Galbraith (1967) “recognized that large retailers did not act on behalf of consumers.[...that ] organized labor’s agenda differed from that hypothesized in *Countervailing Power* (Branson, 2001, p.610). But more broadly, everywhere in the world, the “countervailing powers” of Trade Unions and Consumer’s union as well as the hopes of some people in the social economy declined since the 70s. They could not avoid the growing priority of economic ruling for the society.

<sup>24</sup> However, the production of the basic necessities of life is still performed by non market activities. The bulk part of the world GDP is made of gadgets and mere virtual financial or unessential services.

We must remember that “the good time” did not come from the sky, but from political will and “the bad times” as well. Nace (2003) recalls us that the expansionist power of Corporations came to a halt under the New Deal when organized labor gained legal protections and Franklin Roosevelt imposed a vision of American society that placed democratic limits on corporate power. This was the source of emerging countervailing powers that tamed wild capitalism. But Nace writes that optimistic view dashed in the final decades of the 20<sup>th</sup> century. The Big Business, the corporate political resurgence began with a 1971 memorandum written by Lewis Powell, shortly before he was appointed to the Supreme Court by Richard Nixon. The memorandum was entitled “ Attack on America Free System Enterprise”. “It is a remarkable document, forming the seminal plan for one of the most successful political counter-attacks in American history. But the memorandum is also remarkable in another way.[As the appointment of Powell led to ...] the pro-corporate constitutional shift that occurred on the Court under his leadership.

If there was a true political involvement to organize countervailing powers and enacting necessary laws for that, these countervailing powers will be demanding “social betterment” in front of the business. Then, business would have to respond as it had to do before the 70s in face of the trade unions (Mme Thatcher was very proud to break the coal miners’ strikes in the 80’s).

In such a supposed situation Business would be confronted with a management issue: how to respond to social pressure. Frederick (1994) put the focus on the literature that developed this idea of “the capacity of a corporation **to respond to social pressure**”(p.164) the *Corporate social responsiveness*. This is a management approach which avoids the ethical aspects; questions the like: “why? whether? for whose benefit? according to which moral principles?” (p.155), questions that have no answer in economical management theory. For Frederick “it takes the “moral heat” off business” (p.158).

This literature is consistent with a few ideas;

*First.* Corporations and business are organized in a **divided world**, economy sides apart from society. Politics should not interfere with economy despite the fact that government edicts rules. This was also to this separation with which Milton Freeman stood<sup>25</sup>: “the “doctrine of social responsibility” taken seriously would extend the scope of the political mechanism to every human activity”. Responsiveness is resistance.

*Second.* Corporations have **clear goals** to achieve as Milton Freeman advocated<sup>26</sup>: “there is one and only one social responsibility of business – to use it resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud”.

But there could be some social pressure. How to deal with it, is a problem for managers and for experts.

*Third.* This literature is also, at least implicitly, acknowledging that Corporations are not usually working in a sense that leads to “social betterment” but on the reverse, that their action are doing harm to society, impoverishing it, and that searching “social betterment” needs to put outside necessary pressure on Corporations.

*Fourth.* As a generalization of the previous idea, this literature implicitly backs the *subversive doctrine* (with the wording of Milton Freeman, see infra the footnote) and “generates an absolutely destructive idea of capitalism – capitalism is about “anything goes” writes Edward

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<sup>25</sup> At the end of his short piece of 1970 - which has an explicit title: “The Social Responsibility of Business is to Increase its profits”.

<sup>26</sup> This is a quotation of the last paragraph, Freeman write that is what he said in his book *Capitalism and Freedom* where he called the doctrine of “social responsibility” a “fundamentally subversive doctrine”.

Freeman (1994, p.4) and he states : “viewed in this way corporate social responsibility becomes an “add-on” to ameliorate the supposedly harsh consequences of this view of capitalism”.

### *CSR as an “add-on”*

But this “add-on” to a wild capitalism is **merely a palliative**.

To be sure many people think that CSR could change, could tame again the wild animal. Arun Maira (2008) writes that it is possible to succeed in “transforming capitalism”. It is clearly in order to save it, as he says: “If for ideological reasons, you find the government is not efficient in serving the public in terms of resource use, also for ideological reasons you say the business of business is business, in producing money for investors, then you are intellectually admitting there is no solution”. After having worked for the Boston Consulting Group, he is in charge at the Indian Planning Commission (chaired by the Prime Minister of India) and from there, he is boosting CSR in a country where growth is strong, but inequalities and environmental issues terrible. Praful Bidai (2007) gives a more realistic view. In a comment of a previous meeting of the Confederation of Indian Industry (CCI) on which Maira relies to implement CSR, he states « India is embracing the same « shareholder-value » capitalist model that led to corporate loot by American CEOs and produced scandals such as Enron ». According to him, Maira is “naively overoptimistic”.

As a matter of fact Maira clearly measures the challenge but he is a believer in the *soft law* while threatening the business to use the *hard law*, in case it does not change its behavior.

In Forbes India Magazine, he recently writes (2010): Thus we have institutions and laws whereby corporations can internalize and privatize profits while costs of damages to communities and the environment are externalized and socialized. [...] Business needs freedom to take risks, innovate and increase wealth. Governments must protect their citizens and promote the common cause. Therefore, even as governments promote business, they must also regulate it. Business leaders resent regulation. They would rather be trusted to regulate their own behaviour. They must always remember that corporations are given a license to operate by society, and that society can curb or even withdraw that license.”

India – see supra table 1- has a good score in the UN Global Compact. Many – not so many, but many, relatively to other countries- enterprises joined.

In France where very many corporation joined, there is also a belief in *soft law*, a belief that business could operate a self improvement of its behavior, under social and governmental pressure. In France the pressure has been up to impose, since 2002, to all stock listed companies to issue annually a social and environmental annual report. It would be extended to a large number of companies. In Denmark it is now compulsory to have this kind of report for enterprises with more than 250 employees<sup>27</sup>. Several countries do the same in the EU. This kind of request for reporting is included in the UN Global compact but with no compulsory obligation. In the EU, a report from the Parliament (by Richard Howitt in 2006 already cited) criticized the EU Commission for its low profile on this theme. The Commission keeps with a free voluntary basis from the enterprises to self-declare that they are willing to enhance their CRS and to decide, independently, which parameter they will take into account and which kind of information they will deliver to the public.

France is far more willing to advance things for CSR. France has appointed an Ambassador; Michel Doucin to be in charge of bioethics and Corporate social responsibility. The law on the new economic regulations of 2002 gave a strong basis and was drawing upon the ILO declaration of 1998 on Fundamental Principles and Rights at Work: (i) Freedom of

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<sup>27</sup> According to Michel Doucet ( 2010) p. 5. He mentioned also that since the 2008 crisis governments of a few countries (Germany, Spain, Portugal, and The Netherlands) decided some laws related to CSR in several sectors as public procurement.

association and the effective recognition of the right of collective bargaining (ii) Elimination of all forms of forced or compulsory labour (iii) Effective abolition of child labour (iv) Elimination of discrimination in respect of employment occupation. Since that France has tried to find more ways to have pressure on the Enterprises, among which a number of them are signing agreements with NGOs asking them to audit their factories and including their subsidiaries, abroad, and in some cases, their subcontractors or suppliers. Authorities are pushing or backing movements in favour of a label to deliver to any product as environmentally and socially responsible and to include environmental and social rules for public procurement. There is a strong belief in soft law and even in the possibility of articulation between soft law and hard law (See Doucin, 2010).

The focus is mainly with human rights at work and environment – which is a consideration for nature and society- and is also concerned in suppliers so that it could be said that it is a kind of stakeholder approach.

From Japan it can be seen as if “stakeholder dialogue is more established in Europe [...] and as if European enterprises are moving towards a standardized system to formalize and evaluate the value of stakeholder dialogue. Japanese opinion, however, is not always in favor of such standardization” (Tokoro, 2007). One reason for resistance towards European approach is that it is not clear, especially for some Japanese scholars “how to appraise value creation through stakeholder dialogue” and according to Tokoro, in case “under the leadership of Europe and the USA, an international movement for the development of rules for stakeholder dialogue makes headway, it will probably require Japanese companies’ compliance, but, leaving this possibility aside, it would seem necessary at present to develop a different, independent Japanese approach” (p.14). This could be an explanation of the small numbers of companies in Japan involved in the Global Compact. Japanese scholars in socio-economy advocate also that there was no welfare state in Japan but that the welfare was taken in charge by Enterprises, somehow perhaps until the end of the 80s, from 1962, we could have said “what is good for Toyota is good for Japan”. We will not discuss further this specific situation in Japan.

Either some are advocating loudly or some are reluctant to adopt it, the “add-on” CSR is a mere palliative. To enforce radical changes in a society is difficult and relying only a voluntary change of behavior from institutions that are been used for years to behave “badly” is an illusion.

Here again Milton Freeman is right, underlining the weakness of the tool “[This doctrine differs] in philosophy from the most explicitly collectivist doctrine [...] only by professing to believe that collective ends can be attained without collectivist means”.

CSR is therefore a mere palliative. It is unable to find solution for global and collective ends. These objectives cannot be tackled only by good words, by discourses even by that of Parliament or the Commission in Brussels or by the United Nations in New York. Take for example responsibility towards the environmental problem of our planet Earth. After the failure of the Copenhagen summit in 2009, then it is worth to read again what Illich wrote in 1973:

“The environmental crisis, for example, is rendered superficial if it is not pointed out that antipollution devices can only be effective if the total output of production decreases. Otherwise they tend to shift garbage out of sight, push it into the future, or dump it onto the poor. The total removal of the pollution created locally by a large-scale industry requires equipment, material, and energy that can create several times the damage elsewhere. Making antipollution devices compulsory only increases the unit cost of the product. This may conserve some fresh air for all, because fewer people can afford to drive cars or sleep in air-

conditioned homes or fly to a fishing ground on the weekend, but it replaces damage to the physical environment with further social disintegration. To shift from coal to atomic power replaces smog now with higher radiation levels tomorrow. To relocate refineries overseas, where pollution controls are less stringent, preserves Americans-not Venezuelans-from unpleasant odors at the cost of higher levels of world-wide poisoning. “

### *Technical solution? A false expectation*

Along with the discourse on CRS as a solution for a way-out the crisis, there is the **technological solution**. I will say a word about it at its general level as it is a **false expectation** of a solution to go beyond the divide between society and economy. Illich pointed out this “false expectation that somehow human action can be engineered to fit into the requirements of the world conceived as a technological totality.”

The technical solution is not only a set of scientific and technological artifacts, it is the idea of a technical “societal” tool, to manage the whole society. For example, to sell rights to pollute. In the explanation of their promoters, this could overcome the valuation problem and the over-pollution problem. Who can really think that world pollution will decrease in this case?

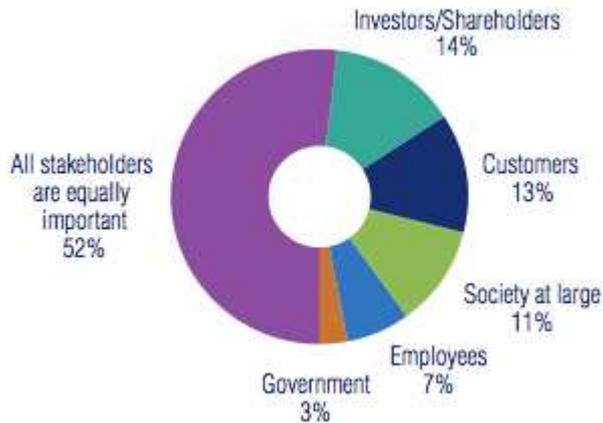
This is exactly what described at a general level, Herbert Marcuse in his book published in 1970<sup>28</sup>”The historical achievement of science and technology has rendered possible the *translation of values into technical tasks-the materialization of values*. Consequently, what is at stake is the redefinition of values in *technical terms*, as elements in technological process. The new ends, as technical ends, would then operate in the project and in the construction of the machinery, and not only in its utilization.”

The idea is the following: when everything will have been swallowed by the economy and the market then, there will be no longer divorce: the whole society and even Nature will be the domain of economy. Even domestic tasks will become a service with an economic valuation, priests will be paid as civil servants, prostitutes as nurses etc.

However it is clear that General Opinion everywhere has in its mind a clear opposition against the invasion of all its life by the economy and the market, against the destruction of the society and Nature as well. Nevertheless it looks like People are not able to react more than to say they dont trust or that they think that all stakeholders are equally important. In the Edelman trust Barometer (see supra) to the question -which stakeholder should be most important to a CEO’s business decision?-, the majority of answers (52%) is: all stakeholders are equally important.

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<sup>28</sup> Marcuse Herbert, (1970) *One-dimensional Man*, Boston, quoted after Illich.



The reason is that we have been, still partly, but up-to a growing extent, manipulated by the big machinery, and we are becoming slaves of the tool that have been produced. A crucial choice is before us: economic serfdom or political conviviality.

### **Economic Serfdom or Political conviviality to make Enterprise as a convivial tool at the service of society**

In economy, free markets are not democratic places and not all free of influence and even power. No discussion, no vote. It is arm's length relationships and a place where powers are in competition to exercise their market power and to gain its share of the market, to grow and make money for that, at least. At the nations' level, the world is governed by powerful economies: "economic powers" are competing. China has recently got its place with its special way of organizing internal politics and democracy which is not really "free" for Western dominant standard. But the world gave it its place, even in the Global Compact; as a matter of fact, China took it; China took it because it has become an Economic power: its GDP is overtaking this year that of Japan and ranking now the 2<sup>nd</sup> behind the USA, it will become the first in 2027. Everywhere liberty is at stake facing huge economic powers in the international scene and in the industrial, financial and any other service market as well.

As John Kenneth Galbraith pointed out the sovereignty of the consumer has been killed by the producer's power. "A determining factor in production – perhaps the determining factor- is in fact, not consumer choice but, in substantial measure, producer manipulation of consumer response"(2001, p.31). Advertisement is no longer information but it is most often organized to make consumers buying, using all kind of psychological tools in order to make them decide on non rational argument.

According to Illich:"Increasing manipulation of man becomes necessary to overcome the resistance of his vital equilibrium to the dynamic of growing industries"

A host of us have become slaves of our tools and our consumption; Illich writes that "the prevailing fundamental structure of our present tools menaces the survival of mankind. It must be shown that this menace is imminent and that the effects of compulsive efficiency do more damage than good to most people in our generation"

To discuss this issue, and the logic of the discourse on CSR, is to enter in a political debate. Illich warns us : "Political debate must now be focused on the various ways in which unlimited production threatens human life.[but] This political debate will be misled by those who insist on prescribing palliatives which only disguise the deep reasons why the systems of health, transport, education, housing, and even politics and law are not working" .

Radical changes are necessary and a wide discussion on them must be organized in order to find out a solution which means a wide set of policies that must be coherent – which needs some theoretical work- and practical, that is that can be implemented.

Illich proposed only a few indications to find a way out of this situation in order to build a betterment of society. This betterment cannot be reached without the rebuilding of the main institutions and especially the “Enterprise” to make it as a convivial tool at the service of society.

#### *Scales and limits*

“To formulate a theory about a future society both very modern and not dominated by industry, it will be necessary to recognize natural scales and limits. We must come to admit that only within limits can machines take the place of slaves; beyond these limits they lead to a new kind of serfdom.”

In consideration to the separation issue, Edward Freeman (2006) has pointed out : why “corporate” and not “business” social responsibility. This is a responsibility for all and he recalled at that time “companies with fewer than 50 employees employ more than three times the number of US workers than companies that have 1,000 or more employees”. It is not clear when, for a company, its size is too big to let this company to be really good for the society.

But let us read again the warning from Bearle (1954): “ the modern corporation as an institution is entitled to much more respect than it has frequently received. The dangers inherent in its use are also great enough to require serious attention. The possibilities of its continued development are, so far as one can see, unlimited. It is, in fact, an institution at a cross road in history, capable of becoming one of the master tools of society—capable also of surprising abuse; worthy of the attention of the community as well as of scholars.” A bank so big as it cannot fail without unbearable consequences for the society would not exist wrote André Orléan. We do have to reconsider how to dismantle too big companies. Economies of scale do exist up to a certain extent in some sectors but not in all. Diseconomies of scale for the betterment of society are also very important to take into account. It is also a way of reasoning about the size of towns.

#### *Work together and care for each other*

It is in conclusion to an argument about the environment crisis that he puts this recommendation: “The only solution to the environmental crisis is the shared insight of people that they would be happier if they could *work* together and *care* for each other “

Here again I would like to quote Edward Freeman (2006) “the very idea of managing for stake-holders is that the process of value creation is a joint-process”.

Thus this is true for all kind of value either assessed in the market or not. It is especially true in production: to find who is responsible for one thing is an impossible task. A modern academic would think linking this to the idea from Alchian and Demsetz (1972) about the role of the team and the example of the three guys delivering a piano that shows the impossibility to calculate a marginal productivity. I would prefer to recall the example given by Toyohiko Kagawa (1936): with one finger I cannot take a book and read it, put it on the shelf, but, if all my fingers are working altogether, this is possible. In a society individuals are definitely linked to each other from their birth to their death, like fingers in the hand.

#### *Priority to society ends*

It is evident that Illich places priority towards society ends and to stop to be in a situation of serfdom to the economy. It could seem that ends is to be equated with value and that everyone is willing to be happy; but the pursuit of limited growth will never gives this. Modernity as it

has incorporated in the present tools gave growth but failed to overcome the good old time...But for Illich solution is not to abandon modernity and technology to go back to the stone age. A caricature was presented by Thomas Friedman(1999) as a choice between the Lexus and the Olive Tree. It is said that the idea came to him when he was eating a *bento* (lunchbox) in the *shinkansen* (bullet train) leaving a factory in Japan (Lexus was born from Toyota in 1989). For him the world is currently undergoing two struggles: the drive for prosperity and development, symbolized by the Lexus, and the desire to retain identity and traditions, symbolized by the olive tree. Maira (2010) made a comment on this : “The Lexus car was a metaphor for globalisation: A universally desired product of technology, produced by a multinational corporation. The Olive Tree represented the deep roots in traditions and identities which resist the forces of globalisation. His conclusion was that the Lexus would prevail. It may some day, but it will be a struggle. Because the last few years have shown the strength of the Olive Tree’s roots in the demands of communities and nations for their rights to land, resources, dignity and respect.”

What is clear to me is that ends are not economic ones and that economy must be a tool at the service of society. But this is a collective responsibility to embrace.

Galbraith whom I have quotes several times agreed with that and encouraged us to move on the same direction. “Escape from the commitment to the economic priority has, it will be clear, a broadly emancipating role.[...] Nothing is more wished, welcome and urged” (Galbraith, 2001, p. 106-107)

Finally, the problem is that not only Corporation, Business, but everyone has a social responsibility and not only “rights”, “human rights”. Responsibility is to take power to organize altogether a society of advanced conviviality<sup>29</sup>. This is in line with Illich’s thought:

“Once these limits are recognized, it becomes possible to articulate the triadic relationship between persons, tools, and a new collectivity. *Such a society, in which modern technologies serve politically interrelated individuals rather than managers, I will call “convivial.”*

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<sup>29</sup> See the conference papers of a Symposium on the theme « Towards a society of advanced conviviality » : [http://www.mfj.gr.jp/web/sympo\\_20100710/papers\\_index.html](http://www.mfj.gr.jp/web/sympo_20100710/papers_index.html)

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