SDG 5

Corporate power: a risky threat looming over the fulfilment of women‘s human rights

BY CORINA RODRÍGUEZ ENRÍQUEZ, DEVELOPMENT ALTERNATIVES WITH WOMEN FOR A NEW ERA (DAWN)

5

There are a number of reasons to believe that the 2030 Agenda and the Sustainable Development Goals (SDGs) are a step forward for the realization of women´s human rights.[1] Not only are there several, interrelated targets under the stand-alone goal to achieve gender equality and empower all women and girls (SDG 5), there are also specific targets under 11 other goals that link women's rights to the three dimensions of sustainable development (social, economic and environmental). However, the SDGs do not explicitly recognize the links between women's human rights, gender equality, and needed structural reforms in global economic governance and policies. One of the dimensions of global economic dynamics that must be urgently addressed is the role of the private sector, and particularly the limits that need to be established to corporate power.

The role of the private sector in the global economy and finance is undeniable. Corporations provide the goods and services that people need and desire. To do so, they hire workers who find private employment to be the main avenue to access income and a level of social protection, however limited that may be. Enterprises also undertake investment to promote economic activities. They are expected to pay taxes that are the basis for funding public policies. However, the increasing concentration of capital and wealth, the race to the bottom in labour and tax standards driven by competitive pressures, as well as the corporate capture of public decision-making spaces, make this role a problematic one. As GPF colleagues Barbara Adams and Jens Martens point out, there is globally "a growing reliance on corporate-led solutions to global problems".[2] But in the context of financialized globalization and the promotion and dominance of self-regulation, it is fair to ask whether the private sector contributes more to the problems than to their solutions.

Threats posed by corporate power to the realization of women´s human rights

The SDGs, while recognizing the relevant role of the private sector as development actor, do not really tackle the challenge of corporate power and its implications for gender equality and women´s empowerment. In fact, by failing to include either a stand-alone goal or specific targets in each of the goals on private sector regulation, they reinforce the assumption that there are automatic positive synergies between private sector activities and development.

However, the threat posed by corporate power to the realization of women´s human rights has the following key dimensions, among many:

- the negative impact of the drive towards competitiveness and rising productivity on women´s working conditions;

1 See DAWN (2016).

2 Adams/Martens (2015), p. 5.

- the impact of corporate lobbying and tax dodging in limiting public revenues as well as policy space;
- the spreading of the belief that corporations are (or may be) gender sensitive, and of the difficult discourse on corporate social responsibility.

Unless these issues are addressed, the goal of achieving gender equality and empowering all women and girls may remain a dream.

Negative impact of the drive towards competitiveness

Feminist economics literature has contributed empirical analysis that questions the mainstream assumption that liberalization of the economy, with its pressure for competitiveness and productivity, will produce a leveling of wages across the world and will reduce poverty and inequality.[3] For example, in the 1980s, the development strategy implemented in many countries in Latin America (mostly Mexico and Central America) based on export-led manufacturing factories (known as 'maquilas'), have proved to produce little improvement in employment, a limited contribution to economic growth and no gain in technology transfer to local productive systems. While the maquilas have opened economic opportunities for some women who otherwise would have none, these have been characterized by precarious working conditions and overall low wages. Besides, the strategy itself proved to be unsustainable, since much foreign investment migrated to other regions in the world (South Asia and China) once economic incentives (e.g., labour standards, labour force capacities, available infrastructure, tax breaks) were more attractive. In brief, women´s lower wages and poorer labor conditions worked as a major advantage for corporations.

While experiences and results vary among countries, economic structures, labour market characteristics and groups of women and men, the main conclusion is that the less negative experiences (or the most successful ones) were those where the regulation of private sector investment was more robust and/or was accompanied by public policies in the area of social services, social infrastructure and income maintenance policies.

Impact of corporate lobbying and tax dodging

Corporate power is also expressed in the influence of corporations and corporate organizations, nationally and globally, in setting the development agenda and giving priority to certain development strategies. Currently, the paradigm of public-private partnership (PPPs) is being promoted not only at the national level but also by the UN development system as the best way to advance investment in areas of special relevance for women´s lives and human rights, as for example, social infrastructure and social services. PPPs are promoted on the assumption that governments are unable or unwilling to invest in expanding access to basic public goods. It is believed that the private sector can introduce technology and innovation to make public service delivery more efficient. A further argument is that PPPs can be a way of developing local private sector capabilities, by joint ventures between small local enterprises and multinational corporations. PPPs might also be a way to improve public sector institutional capacities, both by skill transfers as well as by public sector adopting business criteria of efficiency and effectiveness.[4]

This perspective is questionable from the point of view of the ability of PPPs to actually contribute to narrowing gender gaps and improving women´s lives. Most of the existing evaluations of PPPs are restricted to assessment of their efficiency and effectiveness in management, their capacity to transfer technology and knowledge, their contribution to financing the delivery of social services. The results of the assessments are not at all conclusive on these subjects.[5] On the contrary, there is evidence of the negative effects of PPPs, especially in terms of the fiscal risks (overcharges and fiscal unsustainability) that should be taken into account when analysing the net effects.

3 For the case of Latin America, see Ciedur (2007), Giosa Zuazúa and Rodríguez Enríquez (2010), Seguino and Braustein (2012).

4 Rodríguez Enríquez (2017).

5 Serafini (forthcoming).

An emblematic case that summarizes this reality is the one of a PPP in the health sector in Lesotho, established to design, build, and provide hospital services. Three years after the hospital opened (in 2011), government expenses grew by 64 percent, and the budget for this hospital represented half of the entire public budget for the health sector.[6] Moreover, many PPPs, using a private sector approach to service delivery, promote user fees for essential social services, which can result in the exclusion of poorer women.

The promotion of the private sector as a rescuer of the public sector's weak financing capacity hides the real root of the limitations of many governments in generating revenue. Corporations are in fact most responsible for the lack of fiscal space for national governments, due to their responsibility for tax evasion and avoidance. The failure of corporations to pay taxes in the countries where they operate is a major reason for governments´ lack of fiscal space to implement policies that would protect and promote women´s human rights.

Once again, the logic of the global economy promotes the race to the bottom in tax standards in developing countries. This is furthered by the double standard of countries in the global North that apply some tax measures in their own countries but promote little or none in the rest of the world. Multinational corporations and the network of lawyers and accountants that work for them, use all available legal loopholes to avoid paying taxes, on top of the simple evasion that many enterprises are used to in countries in the global South. In brief, the need of many governments to give favourable tax treatment to multinational companies as a way to attract foreign direct investment, together with corporate tax-dodging implies that considerable public revenue is forgone. When a State does not mobilize sufficient resources, and has repeated budget shortfalls, it can only provide insufficient and low-quality services (e.g., in education, health, sanitation, public transport, social infrastructure, care services). When fiscal space is limited in this way, evidence shows that gender inequalities are perpetuated or even exacerbated, which in turn limits improvement in women´s lives or the narrowing of gender gaps.[7]

The resistance of countries of the global North to accept the creation of an intergovernmental UN body on tax matters, with the participation of every country, is a clear indication of the lack of political will to tackle this issue. As an example of this resistance, Tax Justice Network highlights the case of Swiss tax havens judged by CEDAW to be a violation of women's human rights. This case, submitted to CEDAW by CESR, Alliance Sud, NYU Law School Global Justice Clinic, Public Eye and the Tax Justice Network argued that Switzerland, as a party to CEDAW, is obligated to prevent private sector activities that undermine women´s human rights outside its territorial borders. While Switzerland has issued a report confirming the impact on developing countries of illicit financial flows, describing them as 'nefarious,' and has pledged to join an international effort to eliminate the causes of such flows, "astoundingly, the government has refused to conduct an independent assessment of the ways in which its own policies—in particular its bank secrecy laws, criminal prosecution of whistle blowers, weak reporting standards and overseas tax abuse—provide fertile ground for tax abuse overseas."[8]

Countries like Switzerland are reluctant to undertake independent, participatory and periodic impact assessments of the extraterritorial effects of their financial secrecy and tax policies, as well as of the spillover effects of their macroeconomic policies.

Misleading discourse on corporate social responsibility

Corporations have also developed their own understanding of the positive relationship between women´s empowerment, gender equity and development. Their view can be seen at the least as a double standard, if not as simply hypocrisy. For one thing,

6 Oxfam (2014).

7 Grondona et al. (2016).

8 www.taxjustice.net/2016/12/01/un-criticises-switzerland-pressure-mounts-human-rights-impacts-tax-havens; see also Adams and Judd (2017).

'corporate social responsibility' initiatives designed to improve women´s lives are all too often rooted in the belief that women´s economic empowerment amounts essentially to women´s entrepreneurship. As AWID points out: "Investing in women and girls" is limited to promoting micro-credit and micro-entrepreneurships programmes, seen as "magic wands" that will empower women regardless of the power structures that are at the root of gender inequality.[9] Concrete experiences are clear about the limits of the potential of these initiatives.[10]

On the other hand, corporate social responsibility initiatives are not held accountable for their unwillingness to tackle the roots of inequality. For example, the UN Global Compact outlined the initiatives undertaken by multinational corporations to addressing poverty, including moves to equalize opportunities for women.[11] However, many of the Global Compact signatories are often reluctant to pay a living wage to their employees or to eliminate tax evasion and tax avoidance practices.

In order for SDG 5 to be achieved, the time has come for private corporations and governments to stop using symbolic policies and practices with limited impacts as a substitute for the real political and economic commitment that is needed to overcome the structural barriers to women´s and girls' empowerment, human rights and gender equality.

9 Awid (2014), p.4.

10 Kabeer (2001).

11 The UN Global Compact is a voluntary corporate responsibility initiative designed to 'mainstream' a set of ten principles related to human rights, labour, the environment and anti corruption in corporate activities. It also promotes the Women's Empowerment Principles, a partnership initiative that provides "an established roadmap for business on how to empower women in the workplace, marketplace and community" (www.weprinciples.org/).

References

Adams, Barbara/Martens, Jens (2015): Fit for whose purpose? Private funding and corporate influence in the United Nations. New York: Global Policy Forum.
www.globalpolicy.org/images/pdfs/images/pdfs/Fit_for_whose_purpose_online.pdf

Adams, Barbara/Judd, Karen (2017): Women rights without borders: Combatting inequalities within and among countries is key to women´s empowerment. New York: Global Policy Forum (Global Policy Watch #16).
www.globalpolicywatch.org/wp-content/uploads/2017/03/GPW16_2017_03_14.pdf

AWID (2014): The role of private sector in financing for development from a feminist perspective. Toronto: AWID.
www.globalpolicy.org/global-taxes/52669-the-role-of-the-private-sector-in-financing-for-development-from-a-feminist-perspective.html

Ciedur (2014): Comercio, género y equidad en América Latina: generando conocimiento para la acción política. Montevideo: Ciedur.

DAWN (2016): Overcoming Global Structural Obstacles and Preventing Negative Spill-over Effects for Realizing Women's Human Rights. In: Reflection Group on the 2030 Agenda for Sustainable Development (2016): Spotlight on Sustainable Development 2016. Beirut/Bonn/Montevideo/New York/Penang/Suva.
www.2030spotlight.org/en/book/ii11-towards-new-urban-agenda

Giosa Zuazúa, Noemí/ Rodríguez Enríquez, Corina (2010): Estrategias de desarrollo y equidad de género en América Latina y el Caribe: Una propuesta de abordaje y una aplicación al caso de la IMANE en México y Centroamérica. Santiago: Cepal (Serie Mujer y Desarrollo 97).
http://repositorio.cepal.org/bitstream/handle/11362/5825/1/S0900807_es.pdf

Grondona, V./Bidegain, Nicole/ Rodríguez Enríquez, Corina (2016): Illicit Financial Flows Undermining Gender Justice. Berlin: FES and DAWN.
http://library.fes.de/pdf-files/iez/12984.pdf

Kabeer, Naila (2001): Conflicts Over Credit: Re-Evaluating the Empowerment Potential of Loans to Women in Rural Bangladesh. In: World Development 29, pp. 63–84.

OXFAM (2014): A Dangerous Diversion. Will the IFC's flagship health PPP bankrupt Lesotho's Ministry of Health? Boston: Boston University -Lesotho Boston Health Alliance.
www.oxfam.org/sites/www.oxfam.org/files/bn-dangerous-diversion-lesotho-health-ppp-070414-en.pdf

Quintos, Paul (2016): The Post-2015 Corporate Development Agenda Expanding Corporate Power in the Name of Sustainable Development. Brussels: CETRI - Campaign for Peoples Goals.
www.cetri.be/IMG/pdf/the20post-203e50.pdf

5

Rodríguez Enríquez, Corina (2017): Private sector, development agenda and women´s human rights: synergies or contradictions? Suva: DAWN.
www.dawnnet.org/feminist-resources/content/private-sector-development-agenda-and-women%E2%80%99s-human-rights-synergies-or-contradictions

Seguino, Stephanie/Braustein, Elisa (2012): The impact of economic policy and structural change on gender employment inequality in Latin America, 1990-2010. Munich: Munich Personal RePEc Archive. https://mpra.ub.uni-muenchen.de/43261/1/MPRA_paper_43261.pdf

Serafini, V. (forthcoming): Justicia de Género y Financiamiento privado para el Desarrollo. Una mirada crítica a las Alianzas Público-Privadas. DAWN.

Corina Rodríguez Enríquez is a member of the Executive Committee of Development Alternatives with Women for a New Era (DAWN) and is on DAWN’s Political Economy of Globalization (PEG) team

5