Reconstituting the Global Public Domain — Issues, Actors, and Practices

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Reconstituting the Global Public Domain — Issues, Actors, and Practices

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This article draws attention to a fundamental reconstitution of the global public domain — away from one that for more than three centuries equated the 'public' in international politics with sovereign states and the interstate realm to one in which the very system of states is becoming embedded in a broader and deepening transnational arena concerned with the production of global public goods. One concrete instance of this transformation is the growing significance of global corporate social responsibility initiatives triggered by the dynamic interplay between civil society actors and multinational corporations. The UN Global Compact and corporate involvement in HIV/AIDS treatment programs are discussed as examples. The analytical parameters of the emerging global public domain are defined and some of its consequences illustrated by the chain of responses to the Bush Administration's rejection of the Kyoto Protocol by a variety of domestic and transnational social actors.

KEY WORDS ♦ globalization ♦ global governance ♦ multinational corporations ♦ transnational civil society actors ♦ global transformation

In the more than 30 years since Robert Keohane and Joseph Nye (1972) introduced the concepts of transnational actors and transnational relations into our discipline, conventional understandings have consistently failed to keep pace with actual practices. Transnational corporations and what are now called civil society organizations have vastly expanded their scope and modalities of operations, affecting the daily lives and fortunes of people and in some cases, entire countries across the world. But in the scholarly heartland only fragments of analytical and theoretical lenses exist through which to view and interpret the political significance of these institutions and

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practices. Indeed, no shared paradigmatic understanding at all exists of the place the massive global corporate sector occupies on the world political landscape.

My aim in this article is to provide a more comprehensive set of lenses, drawing attention to the beginnings of a fundamental reconstitution of the global public domain — away from one that equated the 'public' in international politics with states and the interstate realm to one in which the very system of states is becoming embedded in a broader, albeit still thin and partial, institutionalized arena concerned with the production of global public goods. Thus, as Keohane and Nye anticipated, albeit in ways they could barely imagine at the time, transnationalization is transforming the world polity.

The article proceeds in the following steps. The first section briefly recalls the broad evolution of the literature on transnational actors and relations since the 1970s, to draw from it some of the building blocks of my own argument. In the second section, I portray the contours of global governance more or less as they stood at the outset of the post-World War II era, in which the concepts of 'public' and 'state based' still were virtually coterminous. The third section depicts the subsequent spatial transformation of issues on the global agenda, which created openings for transnational actors to play new roles on the global stage. The fourth section looks at a concrete instance of one such role — the articulation and enactment of new expectations regarding the global social responsibility of private enterprise, initiated by the dynamic interplay between civil society organizations and transnational corporations. The fifth section builds on that case to define more generally key features of the emerging global public domain, illustrating some of its consequences by describing the chain of reactions by a variety of social actors to the Bush Administration's rejection of the Kyoto Protocol. A brief conclusion recapitulates the argument.

The Transnationalism Debates

In the 1970s, transnational corporations (TNCs) were all the rage and attracted considerable scholarly attention. Raymond Vernon would later lament the fact that he titled his path-breaking book *Sovereignty at Bay* (1971, 1981). In fact, he had concluded that it was not, but as he noted, people remembered the title, not his thesis. Conventional international relations theorists soon responded by imposing what I have elsewhere called an 'institutional substitutability' criterion on transnational actors — if they did not directly challenge the state by potentially embodying a substitute for it, they might be interesting in practice, but not worthy of serious theoretical consideration in a field still dominated by realism, soon to be joined by a

liberal institutionalism that mimicked its ontology and epistemology (Ruggie, 1993a, 1998b). Because TNCs were not in the same business as states (this held even more so for organizations such as Amnesty International and Oxfam or Greenpeace), theoretical interest in transnational actors soon faded.

Academic debates in the 1980s centered on the concept of international regimes — trying to make sense of what they are and how they function, and to explain differential patterns in their emergence, attributes, and evolution (Ruggie, 1975; Keohane and Nye, 1977; Krasner, 1983; Kratochwil and Ruggie, 1986). Regimes were depicted as formal and informal modes of institutionalized cooperation among states, so whatever roles transnational actors might play in the context of international regimes (as in the impact of scientific epistemic communities on environmental regimes, industry associations or firms on trade negotiations, or banks on monetary relations) were filtered through the prisms of their influence on governmental and intergovernmental policy processes.

The study of transnational civil society organizations (CSOs) began to flourish in the 1990s.[1] For American scholarship perhaps the seminal contribution was Margaret Keck and Kathryn Sikkink's (1998) award-winning book, *Activists Beyond Borders*, which for the first time traced in detail the specific bases of influence and circuits of action created and used by transnational advocacy networks in the areas of human rights and environment. By then, the concept of global governance had also gained widespread currency (govern*ance* in the absence of govern*ment*, in James Rosenau's (Rosenau and Czempiel, 1992) now classic formulation), so it was but a short analytical step to conclude that civil society actors had come to play a role in global governance even though they remained excluded from most formal intergovernmental settings.

Richard Price (2003) has recently published a useful review article of some of the major works on CSOs, summarizing what we now know about what they do and how they do it; what little we know about when and why they succeed or fail; and the apparent sources as well as limits of their legitimacy. Understandably, much of the work remains descriptive, though it is getting progressively 'thicker' in the Geertzian meaning of the term (Geertz, 1973), and generalization remains problematic due to inevitable sampling and selection constraints.

Although Price is not explicit on the subject, his review also makes it clear that the basis for an accommodation has emerged between the study of CSOs in global governance, on the one hand, and mainstream theorizing, on the other — the works that draw the most attention focus on CSOs essentially as transnational pressure groups seeking to influence the behavior of states, intergovernmental negotiations, and the policies of international

agencies. Insofar as states remain the primary form of political organization (and will be so for the foreseeable future), this focus makes good sense, and it helps to expand the core of international relations theorizing in a productive direction. But we should also note that it does not encompass the entirety of the major roles CSOs play, for example, in relation to the behavior of transnational corporations, which may be equally important. Moreover, as Paul Wapner (1995) warned nearly a decade ago in an essay on 'world civic politics' that did not have nearly the uptake it deserved, an exclusive focus on influencing state behavior detracts attention from the fact that civil society actors have helped make possible genuinely political activity at the global level *apart from* the system of states. I shall build on Wapner's idea below.

In contrast, relatively little cumulative progress can be reported in the study of transnational corporations. The subject of globalization generated a good deal of interest in the 1990s. But in the mainstream literature the primary concern was with the impact of the rapid expansion of capital markets and increased capital mobility on the ability of states to pursue independent monetary, fiscal, and welfare policies, including the social safety net functions assumed by the postwar 'embedded liberalism' compromise (Ruggie, 1983; Garrett, 1998, 2000; Garrett and Mitchell, 2001), and to a lesser degree on the impact of trade versus technology and other factors on stability of employment and levels of wages in the industrialized countries (Lawrence and Slaughter, 1993; Rodrik, 1997). Countering the popular perception that TNC's offshore production and sourcing was unleashing a 'race to the bottom', empirical studies showed that there was considerable 'trading up' going on as well (Vogel, 1995; Garcia-Johnson, 2000).

Not surprisingly, interest in the political significance of TNCs stayed alive and more recently has enjoyed a minor renaissance in the international relations literature inspired by so-called critical theory. As far back as the 1980s, important work was done on the role of TNCs in establishing a 'new international division of labor' (Fröbel et al., 1980), building on the earlier pioneering contribution of Stephen Hymer (1972). Gary Gereffi (1999, 2001) later advanced this line of research by providing detailed mappings of how different types of 'global commodity chains' function and produce differential economic opportunities for countries and regions occupying various niches at successive stages throughout them.

In the past few years, there has been a bourgeoning critical interest in so-called 'private authority' and 'private governance' at the global level (Hall and Biersteker, 2002). This refers to the apparent assumption by TNCs and global business associations of roles traditionally associated with public authorities, sometimes in conjunction with CSOs, but more widely on their own — ranging from instituting new accounting standards to the expanding

role of rating agencies and commercial arbitration as well as various 'private regimes', such as eco-labeling and other forms of certification designed to impress consumers with the social responsibility of participating firms. Claire Cutler contends that in a growing number of issue areas 'firms are basically functioning like governments', reflecting 'deeper processes of globalization at work that are producing a disengagement of law and state' from the arena of global governance (2002: 32–3). For Cutler and her collaborators, this development is part and parcel of an overall trend toward privatization and the promotion of global markets and market-based regulatory systems, including the imposition of the 'Washington consensus' on developing countries (Cutler et al., 1999; Haufler, 2001).

The growth of such 'private governance' arrangements is highly significant, and it represents another building block for my own argument. But the rubric of privatization encompasses too much, thereby obscuring the fundamental fact that in many instances of 'private governance' there has been no actual *shift* away from public to private sectors. Instead, firms have created a *new* transnational world of transaction flows that did not exist previously, and they have developed and instituted novel management systems for themselves and for relations with their subsidiaries, suppliers, and distributors that they deem necessary given the scope, pace, and complexity of operating in those transactional spaces. In other words, TNCs have gone global and function in near real time, leaving behind the slower moving, state-mediated inter-*national* world of arm's-length economic transactions and traditional international legal mechanisms, even as they depend on that world for their licenses to operate and to protect their property rights.

The creation of these new non-territorial spaces and management systems indeed may raise serious challenges for traditional territorially-based rule-making — though, as Saskia Sassen (1996, 2002) observes, the picture appears to be far more mixed than Cutler and others claim. But that is not my primary concern here. I want to suggest that this development potentially also may provide a historically progressive platform by creating a more inclusive institutional arena in which, and sites from which, other social actors, including CSOs, international organizations and even states, can graft their pursuit of broader social agendas onto the global reach and capacity of TNCs.[2] Although the analogy is imperfect and incomplete, a somewhat similar development occurred in the USA in the late-19th and early-20th centuries — as firms went truly national for the first time they began to demand national legal and policy frameworks. These served their interests, to be sure, but they also created opportunities for other social actors to leverage national attention onto, and action on behalf of, other social concerns (not the least of which were labor protections) as opposed to

having to secure them, often unsuccessfully, through the individual states, one by one.[3]

Thus, Wapner's notion of a 'world civic politics' associated with civil society organizations and Cutler's concept of 'private governance' associated with transnational corporations are two of the building blocks of what I call the new global public domain — an increasingly institutionalized transnational arena of discourse, contestation, and action concerning the production of global public goods, involving private as well as public actors. It does not by itself determine global governance outcomes any more than its counterpart does at the domestic level. But it introduces opportunities for and constraints upon both global and national governance that did not exist in the past. Although the new global public domain is hardly unchallenged, its emergence, like globalization, to which it is closely linked, is part of a broadening and deepening sociality at the global level.

The Baseline

To appreciate fully how much has changed in the traditional system of global governance over the course of the past half-century or so, it is useful to remind ourselves from whence it came. Let us begin by briefly unpacking some of the core concepts involved. Governance, at whatever level of social organization it may take place, refers to conducting the public's business — to the constellation of authoritative rules, institutions, and practices by means of which any collectivity manages its affairs. Following Max Weber, public authority represents the fusion of power with legitimate social purposes. The public domain, then, may be thought of as the arena in which expectations regarding legitimate social purposes, including the respective roles of different social sectors and actors, are articulated, contested, and take shape as social facts.

Sheldon Wolin anchored his magisterial survey of the subject matter of Western political thought in Cicero's notion of *res publica* — a 'public thing', the 'property of a people', or the sphere that is 'uniquely concerned with what is "common" to the whole community' (Wolin, 1960: 2). Forms of states may evolve, and governments come and go. But the broader *res publica* (or public domain) continues to define 'the essential quality of what is political'. Wolin framed his study as a response to what he believed to be a steadily shrinking conception of the public domain under the influence of classical liberalism, a concern that is recapitulated today in heightened form by many critical theorists, activists, and other social observers troubled by the global political influence of neoliberalism (Drache, 2001; Arthurs, 2001).

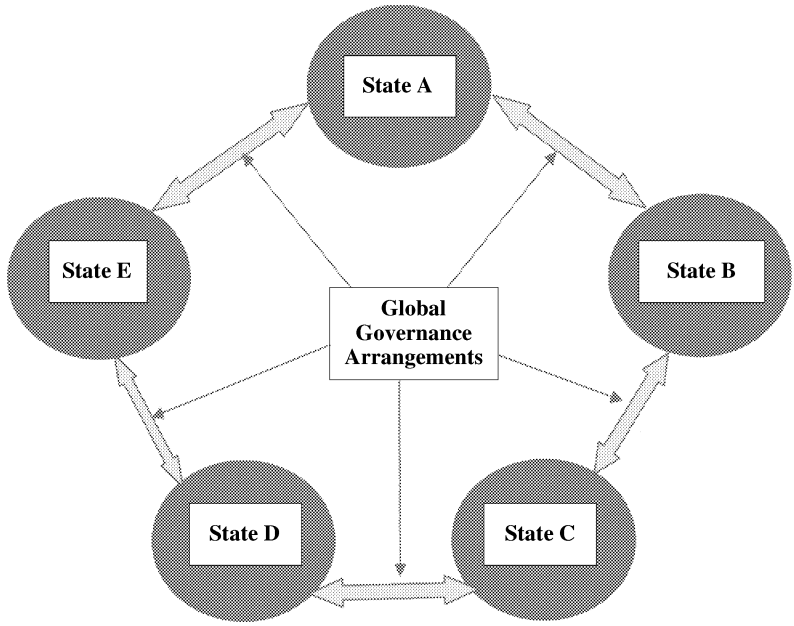
But unlike the situation domestically, in what we conventionally describe

as the Westphalian international system there never was a public domain apart from the sphere of states. States constituted the international 'public' — as in public international law and public international unions, the name given to 19th-century international organizations. States were the government — the decision-makers and executors of their joint decisions and actions, which were authoritative to the extent they were so recognized by states. They also were the subjects of their joint governance — historically, this was true even in the case of private international commercial and maritime law, which was effectuated by virtue of its customary law status as acknowledged by and ultimately enforced through domestic courts, before states internalized its core provisions altogether in national legal codes and practices. Moreover, the only 'public interest' that had any standing in global governance reflected accommodations among the different national interests as defined by states. In short, the public domain, the interstate sphere, and the realm of governance were largely coterminous.

In terms of its spatial configuration, this traditional international political world saw itself as comprising territorially distinct and disjoint units, which engaged in strictly 'external' transactions. The role of whatever governance arrangements states created (whether alliances, regimes, treaties, or organizations) was to reduce frictions that resulted from those external transactions, largely by helping to manage them at the point of entry or exit between the units. (Colonies were considered to be mere extensions of the metropolitan powers, not members of the international system, so they were accorded no subjectivity in this scheme.) Figure 1 is a stylized representation of the characteristic spatial features of the traditional system. The representation is, of course, highly simplified, but it serves as a visually evocative and analytically useful baseline for our discussion.

In key respects, this template was enshrined in the post-World War II institutions of global governance. In the area of peace and security, for example, the United Nations charter rested on the assumption that threats to international peace and security would come from acts of external aggression by states. It provided machinery for mobilizing other states to help the victim repel and reverse the aggression. Furthermore, it stipulated that 'nothing contained in the present Charter shall authorize the United Nations to intervene in matters which are essentially within the domestic jurisdiction of any state' (Article 2.7). Although the charter was drafted in the name of 'we the peoples of the United Nations', its only recognition of actors other than states and intergovernmental organizations was in permitting the Economic and Social Council 'to make suitable arrangements for consultation' with relevant international non-governmental organizations (NGOs), and with national NGOs after consulting their home-country governments (Article 71).

Figure 1
The Traditional System



Much the same was true in the economic area (see, for example, Ruggie, 1983). After opposition in the US Senate sank the more comprehensive and intrusive International Trade Organization, the scope of the surviving General Agreement on Tariffs and Trade (GATT) was confined largely to point-of-entry barriers — quotas and tariffs. It was intended primarily to ensure that these were imposed in a non-discriminatory manner, and secondarily to reduce them. Similarly, the International Monetary Fund's (IMF) main remit was the management of exchange rate changes in a pegged system, and secondarily to provide modest assistance to countries that ran into balance-of-payments difficulties. Indeed, so robust was the spatial demarcation that originally the Fund could not oppose any change in exchange rates on the grounds that the domestic full-employment policies and social safety nets of the country requesting it had led to the disequilibrium that made the change necessary.

A determination 'to reaffirm faith in fundamental human rights' is expressed in the UN charter's preamble. But no such rights are defined in

the charter itself, and the 1948 Universal Declaration of Human Rights carried only the legal force of a General Assembly resolution. The more detailed and legally more robust UN covenants and protocols were not adopted until 1966, and entered into force only in 1976.[4]

Needless to say, there are exceptions to the rule. For example, the International Labor Organization's (ILO) efforts to promote domestic labor standards go back to the 1920s, and the abolition of the slave trade to the century before; both may be regarded as precursors of the modern human rights regime, and both involved lengthy and difficult struggles by civil society actors. But these limited exceptions do not alter the core realities of the traditional system summarized in Figure 1 — that it was intended to manage frictions generated by external transactions among territorially distinct and disjoint states, mainly by acting at the point of entry or exit, and that the public domain, the interstate realm, and the system of governance essentially were one and the same.

Transforming Issue Spaces

The spatial map characteristic of the traditional international political world has undergone a major transformation over the past generation. Above all, there has been a shift in the locus of issues on the global governance agenda along a set of axes depicting 'external', 'internal', and 'universal' dimensions of policy spaces. This transformation comprises economic relations, but goes well beyond them. In addition, while firms and civil society organizations in some cases helped produce the transformation, in others they were brought into play by it. My aim here is not to offer a comprehensive description or analysis, but to illustrate key aspects of this transformation as a way of contextualizing the changing role of non-state actors in the following section.

A straightforward case in point is the international trade regime. As long ago as the early 1980s, Richard Blackhurst (1981), then a highly regarded GATT economist, noted that international trade negotiations had begun to migrate away from a concern with border measures, toward *any* policy, no matter what the instrument or where it was applied, which had an 'important' impact on international trade flows. Indeed, the USA fought low-intensity trade wars with Japan during the latter's economic boom throughout the 1980s and into the 1990s precisely on the grounds that Japan's internal economic structures and even cultural practices gave it 'unfair' trade advantages (Ruggie, 1993b). The reason for this migration (apart from protectionist pressures by adversely affected industries or workers) was simple — as successive trade rounds progressively dismantled point-of-entry barriers, the likelihood of 'internal' factors having an impact

on 'external' relations inevitably increased. So the trade regime began to extend vertically.

A similar blurring of the two spheres has occurred as a result of the trade regime expanding horizontally to encompass entirely new dimensions that previously had not been associated with trade at all. Services, for example, traditionally had not been considered 'tradable'. They were first so construed in a 1972 Organization for Economic Cooperation and Development (OECD) experts' report (Drake and Nicolaidis, 1992); by the 1990s, a General Agreement on Trade in Services was in place. Intellectual property rights had never been viewed as falling within the purview of the international trade regime either; the Uruguay Round (1986–94) made them so. The current Doha Round remains deeply divided, among other matters, over whether to include international rules protecting investment.

Domestic economic interests in the leading countries initiated these policies, but as their unfolding came to implicate novel issue areas (such as intellectual property rights and investment, as we shall see below), they also mobilized other social groups and movements that had not been engaged in trade policy previously, pulling them into the transnational arena.

An institutionalized thrust into the domestic sphere also may be seen in at least one aspect of international peace and security relations. There has been a steady decline in interstate wars and casualties associated with them relative to various types of 'internal' armed conflicts. The latter became particularly pronounced in the 1990s. According to one standard source, 'over one-third of the world's countries (54 of 158) were directly affected by serious societal warfare at some time during the 1990s and, of these states, nearly two-thirds (34) experienced armed conflicts for seven or more years during the decade' (Marshall and Gurr, 2003: 13–14). It is hardly surprising, therefore, that the UN and its member states have been drawn into trying to come to grips with these internal conflicts, especially when they impose egregious violations of human rights or acts of genocide (Holzgrefe and Keohane, 2003). The results on the ground have been mixed at best.[5] But it is noteworthy that Article 2.7 objections to such involvement have played a progressively diminishing role — with China, long seeking to avoid setting any possible precedent in relation to Tibet or Taiwan, until recently having been the last systematic holdout on the Security Council.[6] This normative evolution, as Thomas Franck (2003) has documented, has come about slowly, but steadily over several decades — to the point where most legal analysts and the Security Council itself, indirectly, judged NATO's Kosovo campaign, which the Council did not authorize, as being 'illegal', but 'legitimate'.[7]

Ecological pressures have pushed the global environmental issue space well beyond its earlier transborder locus. A new type of environmental

problem has emerged in the past generation wherein the offending activity has 'universal' impact from which no state can exclude itself, no matter where it is located or how powerful it may be. Moreover, unlike traditional global common issues, including fisheries and marine pollution on the high seas, these problems and their sources are inextricably part of the 'internal' space of states — they truly are indivisible. Ozone depletion in the upper atmosphere is one such instance. It could be dealt with relatively expeditiously because it turned out to have one major cause — the emission of chlorofluorocarbons used in refrigeration, for which a substitute was readily developed. The Montreal Protocol was adopted to regulate their phase-out (Parson, 1993). In the case of global climate change, the sources of greenhouse gas emissions are far more diffuse, more deeply woven into the production and transportation systems of modern economies, and also far more costly to change in the short-to-medium term.[8]

Similar illustrations could be drawn from other issue areas. Global capital markets universalize certain types of economic constraints and policy tradeoffs for countries, while debtors requiring IMF assistance have faced increasingly intrusive conditionality. Proliferating human rights instruments address the most intimate of 'internal' political relations, that between a state and its citizens, and give far greater subjectivity to the individual in the global legal order than ever before. The new International Criminal Court (ICC) may prosecute individuals, if their own state fails to act despite good cause, who are accused of genocide, crimes against humanity and war crimes, not only if they are nationals of signatory states, but also of non-signatory states if the alleged crime is committed on the territory of a state that has ratified the ICC statute — thereby taking a significant step toward universal jurisdiction.[9]

In short, the spatial configuration of the global governance agenda has become far more open, fluid, and tightly coupled across states than the baseline picture represented by Figure 1. Non-state actors helped produce the underlying shifts in some cases; in virtually all they have moved swiftly into and expanded their own institutional sites within the transformed issue spaces. Among the consequences, I suggest below, is the emergence of a global public domain beyond the sphere of states.

'World Civic Politics' Meets 'Private Governance'

Non-state actors in world politics may be animated by universal values or factional greed, by profit and efficiency considerations, or the search for salvation. They include transnational corporations and financial institutions; civil society organizations; faith-based movements; private military contractors that in some respects resemble the mercenaries of yore; and such

illicit entities as transnational terrorist and criminal networks. Whatever their other differences, this much they have in common — increasingly, they think and act globally. The territorial state is not their cardinal organizing principle, nor is serving national interests their primary driver. I focus here on one subset of this larger universe — the interplay between civil society organizations and transnational corporations that is engendering and instituting new expectations concerning the global social responsibility of firms.

The non-profit sector, excluding religious organizations, has become a USD 1 trillion plus global industry (Center for Civic Society Studies, 1999). More than 30,000 NGOs operate international programs, and roughly 1000 have memberships drawn from three or more countries (Sikkink and Smith, 2002). There are no reliable numbers for purely national NGOs, many of which have international ties. Moreover, governments themselves increasingly rely on CSOs to deliver humanitarian services and development assistance — fully 75% of US Agency for International Development funding for HIV/AIDS in Africa, is disbursed through such entities (United States Department of State, 2003). US non-commercial private transfers to developing countries (including grants from foundations and private philanthropies) are twice the size of US official development assistance (Adelman, 2003). These are but crude indicators of the material foundation of world civic politics.

The universe of transnational corporations now comprises roughly 63,000 firms, with more than 800,000 subsidiaries and millions of suppliers and distributors connected through global value chains.[10] The foreign sales of TNCs have exceeded worldwide exports of goods and services by a substantial margin for some time. Intra-firm trade accounts for a significant and growing share of overall world trade — approximately 40% in the US case (Clausing, 2001). Moreover, those figures do not fully capture the related party transactions of branded marketers ('manufacturers without factories', such as Nike) and branded retailers (such as GAP and Wal-Mart) that source overseas, but whose ties to suppliers are contractual not equity relationships (Gereffi, 1999, 2001). Consequently, even as country borders have become more open to the flow of international transactions, in an institutional sense significant aspects of the international division of labor have become internalized at the level of firms — or within globally integrated digital networks in the financial sector (Kobrin, 2002). Hence the growing concern about 'private governance'.

The rights of transnational corporations have expanded manifold over the past quarter century as a result of multilateral trade agreements, bilateral investment pacts, and domestic liberalization — often pushed by external actors, including states and the international financial institutions. But along

with expanded rights have come demands that corporations accept greater global social responsibility — led not by governments or, in the first instance, international organizations, but by civil society organizations. The attention of CSOs has been drawn in particular to three features of TNCs in the global arena — the imbalance between corporate rights and obligations, corporate bad behavior, and corporate capacity. I briefly take up each in turn.

Rulemaking

Corporate influence on global rulemaking is well documented, including the pharmaceutical and entertainment industries pushing the World Trade Organization (WTO) intellectual property rights agenda during the Uruguay Round or Motorola managing to write many of its own patents into International Telecommunication Union standards (Braithwaite and Drahos, 2000; Drake, 2001). In general, rules that favor global market expansion have become more robust and enforceable over the past two decades — intellectual property rights, for example, or trade-dispute resolution through the WTO. There is a widespread perception that rules intended to promote equally valid social concerns, be they labor standards, human rights, environmental quality or poverty reduction, have not kept pace. The pharmaceutical industry put itself in the position of privileging considerations of patent rights over fundamental human rights until that clash came to a head, in the streets and the courts, over the price of HIV/AIDS treatment drugs in Africa (Spar and Bartlett, 2003). CSOs played the key role in forcing significant price reductions; even the financial press grew concerned that the industry's position had become untenable and threatened to undermine the entire intellectual property rights regime (Harris and McGinley, 2001).

But the iconic case of civil society action to redress imbalances in global rulemaking remains its role in defeating the Multilateral Agreement on Investment (MAI), strongly supported by TNCs and international business associations. The MAI was negotiated at the OECD and would have been the high-water mark of global neoliberalism in the 1990s. A coalition of more than 600 organizations in 70 countries sprang into 'virtual existence' on the World Wide Web almost overnight to oppose it. They contended that certain provisions on investment protection would enable TNCs to challenge domestic environmental and labor standards on the grounds that they were equivalent to expropriation, as a result of which companies adversely affected by them could claim compensation. The world press did the rest, and the MAI was dropped.[11]

The power asymmetries in this field of play remain vast, but the fate of the MAI shows that corporate interests did not have it entirely to themselves even at the height of the so-called Washington consensus.

Accountability

Individual companies have made themselves and in some instances their entire industries targets by doing bad things — think of Shell in Nigeria, Nike in Indonesia, the Exxon Valdez spill and others like it, unsafe practices in the chemical industry as symbolized by Union Carbide's Bhopal disaster, upscale apparel retailers purchasing from sweatshop suppliers, unsustainable forestry practices by the timber industry, and so on. Even where companies break no local laws, they may stand in violation of their own self-proclaimed standards or be accused of breaching international community norms.

CSOs, in turn, have pushed for companies and industries to adopt verifiable measures to reduce the incidences of such behavior. Firms not directly involved have taken steps to avoid similar problems or to turn their own good behavior into a brand advantage (Anholt, 2003). A new reporting industry is gradually emerging as a result. By now it has some presence in most major economic sectors, including mining, petroleum, chemicals, forest products, automobiles as well as textiles, apparel, and footwear. Although it remains contested, the principle is taking hold that transnational firms, having created the new global economic space that is transforming how people live and work the world over, ought to be held accountable not only to their shareholders, but also to a broader community of stakeholders who are affected by their decisions and behavior.

Reporting systems initially comprised entirely voluntary standards or codes of conduct. At first these were company based and unilateral, but gradually sectoral initiatives and multi-stakeholder arrangements were added to the mix. Compliance auditing by commercial firms and non-profits has become available, as has a Global Reporting Initiative (GRI), established as a Dutch NGO, which aspires to provide standardized social and environmental reporting systems and to make them as routine as financial reporting. Lastly, so-called certification institutions verify that an entire production and distribution cycle, be it of forest products, coffee beans or diamonds, meets prescribed criteria (see, respectively, OECD, 2001; Leipziger, 2001; Global Reporting Initiative, 2002; Gereffi et al., 2001).

The number of accountability systems has grown rapidly, though their reach remains limited. But within most large and brand-sensitive firms such reporting is becoming mainstreamed and is no longer dependent solely on CSO pressure — virtually all have developed their own business case for corporate social responsibility, beyond legal compliance and corporate

philanthropy; they have their own internal management systems to drive it; more are establishing board committees to oversee it; and they have extensive external stakeholder engagement mechanisms. In 2002, the Royal Dutch/Shell group became the first firm to combine its social and financial reports in one, believing that investors should see the full picture of the company's performance (Shell, 2002). Indeed, large institutional investors are becoming increasingly concerned with companies' risk exposure relative to certain corporate social responsibility issues.

Moreover, companies are learning that talk is not cheap. Nike found itself in the Californian courts under that state's Unfair Business Practices Act, accused by a consumer activist of misrepresentation, false statements, and material omissions in literature about working conditions in its supply chain in the attempt to maintain or increase sales. Nike sought to have the case dismissed on free speech grounds, but the California Supreme Court ruled that the company's promotional statements constituted commercial speech, and thus were not first amendment protected. Nike appealed that decision to the US Supreme Court, which declined to review it and remanded the case to the Californian courts. Nike then reached a settlement with the plaintiff whereby it agreed to support additional worker development and workplace monitoring programs through the Fair Labor Association (Chiang, 2002; United States Supreme Court, 2003; Nike, 2003). Under the Alien Torts Statute, TNCs also have been sued in US federal courts for complicity in human rights abuses abroad, typically related to actions by corporate security forces in the extractive industry in developing countries (*Harvard Law Review*, 2001).

Very few such arrangements involve truly binding commitments. But a mounting quantity of information is available on the social and environmental performance at least of large firms, even when they do not participate in reporting initiatives. Nearly 15 million pages on the World Wide Web address various dimensions of the corporate social responsibility of *Business Week's* Global 1000. Those same firms, in turn, have more than 100,000 pages on the same subject on their own corporate websites.[12]

What is novel about these initiatives, Benjamin Cashore (2002) concludes in his study of the forest products industry, is that they 'derive their policy-making authority not from the state, but from the manipulation of global markets and attention to customer preferences' by other social actors, initially, mostly CSOs. But governments are slowly entering this space. Several OECD countries (Belgium, France, The Netherlands, Sweden, and the United Kingdom among them) have begun to encourage or require companies to engage in one form or another of non-financial performance reporting. A new British draft company law that will soon take effect may be the most far-reaching measure, both in stipulating heightened social

expectations about the public role of private enterprise and the requirement that companies issue an annual directors' report of social and environmental information relevant to an understanding of the entire business (Department of Trade and Industry, 2004).

In sum, civil society organizations have managed to implant elements of public accountability into the private transactional spaces of transnational firms. By and large, this process of defining new social expectations has evolved (tried out, contested, rejected, but in a growing number of cases accepted) entirely apart from the sphere of states. Governments, for their part, are slowly becoming the downstream codifiers of certain practices, thus narrowing the gap between corporate leaders and laggards.

Social Capacity Building

A third and very different rationale for targeting the transnational corporate sector has emerged in the past few years — the sheer fact that it has global reach and capacity, and that it is capable of making and implementing decisions at a pace that neither governments nor international agencies can match. Other social actors increasingly are looking for ways to leverage this platform in order to build broader social capacity — to help fill global governance gaps and compensate for governance failures. Moreover, a growing number of firms have become willing accomplices. The UN Global Compact illustrates the macro-level of promoting universal principles via the corporate sector, while the growing involvement of firms in the provision of HIV/AIDS treatment programs in heavily affected countries is a significant case in point at the micro-level.

The Global Compact The UN Global Compact (GC), initiated by UN Secretary-General Kofi Annan, engages firms in implementing ten principles drawn from the Universal Declaration of Human Rights, the ILO's Fundamental Principles on Rights at Work, and the Rio Principles on Environment and Development.[13] Beginning with 50 participating corporations in July 2000, the Compact now is by far the largest voluntary initiative in corporate social responsibility with nearly 1700 companies worldwide, almost half from developing countries.[14] For two-thirds of developing country companies this is the first such initiative in which they have ever engaged, and many do so to enhance their ability to enter into supplier relationships with larger global firms (McKinsey & Co., 2004). Other partners include six UN agencies;[15] transnational NGOs such as Amnesty International, World Wide Fund for Nature, and Oxfam; as well as several international labor federations. A General Assembly resolution provides the

license to operate and voluntary contributions from governments fund the effort.

The GC employs three instruments to achieve its aims (United Nations Global Compact, 2000). One is participation in learning networks (Ruggie, 2002; Kell and Levin, 2003). Companies are required to communicate their progress in internalizing the ten principles through their annual reports or similar public venues. In addition, a 'learning forum' is intended to identify and disseminate good practices. At its most recent session, held in Brazil in December 2003, some 30 company case studies, vetted by business schools, were presented, exploring dilemmas in implementing the GC principles in, for example, ensuring non-complicity in human rights abuses. The UN promotes good practices, thereby providing a standard of comparison for, and public pressure on, industry laggards.

By means of 'policy dialogues' the Compact generates shared understandings about, for instance, the socially responsible posture for companies operating in countries afflicted by conflict. The zones of conflict dialogue is exploring ways for companies to perform impact assessments and reduce the risks that their own behavior may fuel conflicts; achieve greater transparency in their financial transactions with the host government or rebel groups; and devise revenue-sharing regimes that will benefit local populations. The results of these dialogues inform not only companies, but also the UN's own conflict prevention and peacemaking activities, and they play a normative role in the broader public arena.

Lastly, the GC facilitates 'private/public partnership projects' in developing countries. Examples include company involvement in micro-lending, HIV/AIDS awareness programs for employees in sub-Saharan Africa, piloting sustainable alternatives to child labor, as well as initiatives in eco-efficiency and other aspects of environmental management. One of the few success stories at the Johannesburg World Summit on Sustainable Development was a Global Compact partnership effort to promote private sector investment in the least developed countries.

The Compact has also triggered complementary regional, national, and sectoral initiatives. Local networks have been established in nearly 50 countries, two-thirds in the developing world. They include Britain, France, Germany, and Spain as well as Brazil, Egypt, India, and Thailand. A Scandinavian regional network is also active. At the sectoral level, Norway's Statoil and the International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), for example, signed an agreement within the GC framework whereby Statoil is extending the same labor rights and health and safety standards that it applies in Norway to all of its overseas operations, including Vietnam, Venezuela, Angola, and Azerbaijan (*Europe Energy*, 2001). The same labor federation also negotiated the first ever such

agreement with a mining company, Anglo Gold (International Federation of Chemical, Energy, Mine and General Workers' Unions, 2002).

Other voluntary corporate social responsibility efforts, including Business for Social Responsibility, the Global Reporting Initiative and the World Business Council on Sustainable Development, have entered into alliance-like relationships with the Global Compact, whereby they develop and operate additional tools and protocols for the implementation of the ten principles. In addition, several initiatives originally intended for entirely different purposes have associated themselves with the Compact. The most unusual is the multi-stakeholder Committee for Melbourne, which incorporated the GC principles into the strategic plan it developed for that Australian city and which is encouraging all firms doing business there to adopt them (Short, 2004).

The Global Compact is based on principles that were universally endorsed by governments, stipulating aspirational goals for the entire international community. It engages the corporate sector, civil society, labor, and governments to help bridge the gap between aspiration and reality. The interests and commitments of participating companies vary considerably. But simply by virtue of their participation, they acknowledge that universal principles at least in some measure also encompass the sphere of transnational corporate activity, not only states.[16] Moreover, in the developing world, the adoption of good practices by major firms may exert an upward pull on the performance of local enterprises in the same sector, especially if the major firms extend those practices down their supply chains; and in the industrialized countries, the gradual diffusion of good practices by major companies' social and environmental performance abroad may lessen the fear that a global 'race to the bottom' will undermine their own policy frameworks for achieving social inclusion and economic security at home (Ruggie, 2003).

HIV/AIDS Treatment Some 42 million people worldwide live with HIV/AIDS; in the past two decades, more than 30 million have died as a result of the epidemic (World Health Organization, 2003). CSOs took the lead in persuading and working with firms, especially in heavily affected poor countries, to adopt measures combating the epidemic. The only global survey on this subject indicates that 16% of firms worldwide provide their employees with information about risks and responses, 10% offer preventive programs, and 5% anti-retroviral treatment (Bloom et al., 2003). But the numbers are significantly higher in countries with high prevalence rates: 19% of firms provide treatment in countries where the prevalence rate exceeds 20%.[17] Why and how do firms get involved?

Motivations vary considerably. The transnational mining company, Anglo

American, offers the most comprehensive workplace coverage in southern Africa (Anglo American, 2003). The fact that more than 25% of its labor force (heavily male, migrant, and living in dormitories separated from their families) is HIV positive makes its active involvement an economic necessity and also posed a moral dilemma for the company. Merck, the giant pharmaceutical company, faced an enormous public relations challenge over AIDS drugs pricing, but also has a longstanding reputation for medical philanthropy; they partnered with the Gates Foundation and the government of Botswana to provide a comprehensive national program in that country (Distlerath, 2002). AIDS activists picked Coca-Cola for special embarrassment at the 2002 Barcelona AIDS conference, not because Coke has any intrinsic connection to HIV/AIDS, but because it has a vulnerable global brand and one of the largest distribution networks in Africa.[18] Coke subsequently agreed to provide anti-retroviral treatment not only to its own staff, but also to employees of its independent bottlers throughout Africa (Lindsay, 2003). None of these economic factors, however, played a role in the decisions of Heineken (the Dutch brewery) or DaimlerChrysler (the automotive firm) both of which were also early movers in providing workplace treatment in Africa. Indeed, a net-present-value analysis commissioned by Heineken showed that costs would exceed direct monetary benefits. The evidence suggests a willingness by both firms to accept a broader social role in society, in light of the inability and in some cases unwillingness of governments to act (Barrett and Ballou, 2003).[19] Illustrating yet another driver, Novartis, the Swiss pharmaceutical firm, became the first company to provide anti-retroviral treatment for its employees in China — on the grounds that, as a global company, it made strategic sense to move toward greater uniformity in its global human resources policy.[20]

The most recent development in this area is a pilot program by nine major firms in Africa to use their employees, facilities, and other infrastructure to expand workplace HIV/AIDS prevention and treatment programs into a number of communities in which they operate, in collaboration with CSOs and local governments.[21] At the same time, the Global Fund to Fight AIDS, Tuberculosis & Malaria, itself a hybrid international entity, is devising protocols that would permit it more routinely to support such 'co-investment' schemes between the private and public sectors (ILO and Global Fund, 2003).

Additional examples could be drawn from other issue areas — the role of companies in third world conflict zones, for instance (International Business Leaders Forum, 2000).[22] Here, too, innovative hybrid arrangements are being constructed centered on new and different public roles for private enterprises, typically forged in collaboration with CSOs, international agencies as well as governments.[23] These arrangements seek to take

advantage of the scope and capacity of the transnational private sector in the attempt to help create global public value.

Let me bring this discussion to a close. A healthy degree of skepticism is required for any social science work, but it is especially warranted when the possibilities for strategic manipulation by all concerned are as high as they are in the area of corporate social responsibility. No comprehensive assessment is possible at this time; the necessary empirical research simply has not been done. But the fragmentary evidence presented here permits us to correct some misconceptions (also see World Bank, 2003b), and it serves as a basis for a few tentative generalizations.

First, it should be clear by now why the concept of 'privatization' is too crude to capture the full range of these activities. Social and environmental reporting by firms is a new activity, and it is expanding the public accountability of private firms through both voluntary initiatives and new national requirements. The desire to engage companies in promoting universal principles in part reflects the fact, not that there are not enough of laws on the books, but that many governments continue to do a poor job implementing them. Furthermore, in the area of HIV/AIDS, firms are being pushed into performing roles that the public sector is unable or unwilling to perform. In short, if anything, these cases show how other social actors are drawn into playing public roles to compensate for governance gaps and governance failures at global and national levels — though it must be said that in some instances those gaps and failures exist in the first place because the private sector has succeeded in curtailing the scope of the public sector.

A related criticism is that voluntary initiatives undermine the prospect for more robust regulations or other public sector roles. But this claim is premature at best. There is little chance of transnational firms becoming subject to legally binding regulations at the global level any time soon; the political will or even capacity simply is not there, and much of the corporate world would unite to fight it. In contrast, voluntary initiatives over time may build an interest among leading firms for a more level playing field vis-a-vis laggards, thereby realigning the political balance in the corporate sector. Moreover, firms clearly prefer entering into partnerships not only with CSOs, but also with public sector institutions when the role they are asked to perform moves beyond the workplace and into communities — as in the case of the provision of HIV/AIDS treatment, where leading companies have come to realize that the only long-term strategy to limit their own exposure is to help create a more capable public sector.

A third criticism is that these activities amount to little more than public relations fluff — corporate 'bluewash' is the charge that anti-globalization activists on occasion level against the Global Compact. It would be very

surprising if there were no free riders among the companies involved; but it would be equally surprising if they all were, and if they needed to go through so much trouble for whatever publicity they get. At the least, critics who dismiss these activities as representing mere window dressing ought also to bear some of the burden of proof.

Lastly, a different reaction might come from some realists — this is all well and good, they might say, but it affects non-state actors and people, not states. There is a certain moral and intellectual obtuseness to a position that considers people's welfare to be an uninteresting concern for international relations theorizing, particularly at a time when the individual enjoys more extensive recognition in international politics and law than ever before. But on top of that, the argument is mistaken — these developments do affect states as well. The very system of states, I shall argue next, is becoming embedded in a non-state-based public domain.

The Emerging Global Public Domain

The dynamic interplay between civil society organizations and transnational firms in the area of corporate social responsibility generates, and is enacting, new expectations about the global public role of private enterprise. The relationship remains contested — there is pushback by firms and fears of Faustian bargains on the part of civil society. But it also has become institutionalized in the sense that it involves readily identifiable players who employ shared practices and engage in fairly predictable patterns of interaction.

This cluster of activity represents but one instantiation of a broader historic development — a newly emerging global public domain that is no longer coterminous with the system of states. I define the new global public domain as an institutionalized arena of discourse, contestation, and action organized around the production of global public goods. It is constituted by interactions among non-state actors as well as states. It permits the direct expression and pursuit of a variety of human interests, not merely those mediated (filtered, interpreted, promoted) by states. It 'exists' in trans-national non-territorial spatial formations, and is anchored in norms and expectations as well as institutional networks and circuits within, across, and beyond states. Furthermore, it differs from anything in the past that might resemble it in its dynamic density, and by operating in real time.[24] These features vary across issue areas in ways we do not yet fully understand.

The effect of the new global public domain is not to replace states, but to embed systems of governance in broader global frameworks of social capacity and agency that did not previously exist. It is well beyond the scope of this article to explore these many dimensions. But for illustrative purposes

consider the following partial mapping of institutional platforms and circuits through which various social actors responded to President George W. Bush's rejection of the Kyoto Protocol. This is a 'hard' test case by which to demonstrate the impact of the emerging global public domain because of the predominance of US power, and due to the symbolism attributed to Kyoto by its supporters and the Bush Administration alike.

For starters, several major oil companies lobbied the US Congress for some form of greenhouse gas limits. They included Shell and BP, both of which have carefully cultivated 'green' images, instituted company-wide emissions reductions programs, and feared suffering a competitive disadvantage.[25] European activists organized a boycott of Exxon Mobil, one of Kyoto's most determined opponents.[26] The number of shareholder resolutions demanding climate change risk management policies from US companies doubled in just one year, and lawsuits have been filed against the federal government as well as firms (Ball, 2003; Houlder, 2003; Cortese, 2002; Hakim, 2003). The Rockefeller Brothers Fund helped establish the Carbon Disclosure Project, which asks the FT500 companies to disclose investment-relevant information concerning their greenhouse gas emissions, and more than two dozen companies have joined forces to establish the Chicago Climate Exchange to trade carbon emission permits.[27]

Axa, a French insurer, estimates that climate change risks now loom larger for business than interest rate or exchange rate risks (*Financial Times*, 2004). Swiss Re, the world's largest reinsurer, is requesting information from all energy-intensive companies for which it provides directors and officers liability coverage (including American firms) on whether they have a carbon accounting or reporting system in place, and how they intend to meet their obligations under Kyoto or any similar such instrument — the implication being that rates and even coverage could be affected by the response (Nicholls, 2002; Houlder, 2004a). In November 2003, a group of US state and municipal treasurers, as fiduciaries of public sector pension funds worth nearly USD 1 trillion, held an Institutional Investors Summit with the aim of promoting the adoption of climate change policies by firms in their funds' portfolios. Adding to the mix, the event was held in the chamber of the Economic and Social Council at the United Nations; it was organized by an NGO and co-convened by a Harvard University research center.[28]

Meanwhile, nearly half of all US states have introduced so-called 'son-of-Kyoto bills', aiming to construct state-level frameworks for regulating carbon dioxide emissions. Environmental groups have been a driving force, on the premise that even though states may lack full legal authority, the campaign itself will generate industry support for uniform federal standards (Lee, 2003).

No central mechanism coordinates these actions, but they do play out in an interconnected manner within and across different social sectors, and in domestic as well as transnational arenas. Moreover, while none of these moves is a substitute for a viable climate change treaty, they do affect the structure of incentives and the political balance of power in this space. As a result, by significantly diverging from widely shared norms and expectations concerning climate change policy that have taken hold in a broader global public domain, the US government is imposing costs not only on other countries, but also on the USA's own social actors, which at some point they can be expected to resist. The Bush Administration has run up similar costs by choosing to wage an elective war against Iraq after failing to secure United Nations Security Council backing and when strongly negative public opinion abroad, in all but a handful of cases, trumped the USA's persuasive capacity to elicit international support for the war or even for postwar reconstruction.[29]

Political leaders and international relations theorists alike ignore the emergence of the new global public domain at their peril.[30] Without it, one cannot fully understand recent developments in human rights, environmental policy, global public health, changing social expectations regarding the role of corporations, and the normative context for considerations of the use of force — indeed, according to some scholars, even the fate of the Soviet Union and its empire.[31] Without it, in short, one misses how profoundly the processes and practices of transnationalization are transforming governance by embedding the very system of states in broader frameworks of sociality.

Conclusion

If we take as a benchmark David Easton's (1965) classic definition of a political system, one striking discontinuity in the global institutional context of politics stands out — the arena in which 'the authoritative allocation of values in societies' now takes place increasingly reaches beyond the confines of national boundaries, and a small, but growing fraction of norms and rules governing relations among social actors of all types (states, international agencies, firms, and of civil society) are based in and pursued through transnational channels and processes.

It would be exceedingly difficult to plot these developments onto our baseline in Figure 1 — the arrows would be broader, reflecting the diversity of issues on the global agenda, and they would reach deeper into the internal spheres of states in some instances, while encompassing them in others, expressing the scope and locus of those issues. Beyond that, we would need to find a way to represent the fractal overlay of proliferating transnational ties and strategies among states themselves (Slaughter, 1997), in addition to

those of non-state actors, and to plot the many channels through which the strategies of non-state actors are pursued, including economic, political and judicial institutions, public opinion, as well as various forms of social action and mobilization. Lastly, we would need to express the asymmetries reflecting power differentials among different states, as well as between states and social actors, together with differences in their respective willingness and ability to resist or embrace these trends. But the resulting picture would show the progressive arrival on the global stage of a distinctive public domain — thinner, more partial, and more fragile than its domestic counterpart, to be sure, but existing and taking root apart from the sphere of interstate relations.

Notes

1. For the purposes of the present article, I use the acronym CSOs to encompass transnational social movements, coalitions, and activist campaigns as well as formal non-governmental organizations.
2. I am not suggesting that this outcome is inevitable, but that the potential is worth exploring.
3. The standard historical narrative of 'the progressive era', as this period is known, was challenged by new left historians, but even they acknowledged that changes in industry structure led to preferences for national rulemaking among key parts of the corporate world, which in turn facilitated the emergence of the modern US regulatory state, on which the New Deal state subsequently was built (Kolko, 1963, 1965). For a brief discussion of the role of civil society actors in exploiting this shift to promote labor standards, see Lorenz (2001). The obvious difference between the national and global arenas is the absence of a central government in the latter that can act on behalf of the collectivity as a whole, which means that at the global level, apart from normal intergovernmental negotiations, voluntary initiatives by definition play a larger role.
4. I am referring to the International Covenant on Civil and Political Rights, and the International Covenant on Economic, Social and Cultural Rights. For a complete listing of all global human rights instruments, see United Nations High Commissioner for Human Rights (2004).
5. Needless to say, removing a normative barrier to action does not in itself provide the means to act. The most consequential case of recent non-involvement remains Rwanda (Barnett, 2002; Power, 2002: Ch. 10).
6. This change on China's part seems part of a more confident overall foreign policy (Medeiros and Fravel, 2003).
7. In the Kosovo case, Russia introduced a Security Council resolution condemning NATO air strikes, but the Council rejected it by a vote of 12–3.
8. As of May 2004, Russia was once again reported to be considering ratifying the Kyoto protocol, which would bring it into force despite US non-ratification (Houlder, 2004b).
9. A global institution is not a necessary condition for universal jurisdiction to be

exercised, though the proliferation of national courts claiming such jurisdiction generally is regarded as a less desirable route (Macedo, 2004).

10. The number of multinationals and their subsidiaries is reported in the United Nations Conference on Trade and Development (United Nations, 2001). It is impossible to calculate the actual number of suppliers; Nike, for example, has approximately 1200 (personal communication from a Nike executive).
11. Supporting that fear was a 1996 case involving the Ethyl Corporation, which successfully sued the Canadian government under a similar provision of the North American Free Trade Agreement when Canada banned a gasoline additive Ethyl produced, with Canada agreeing to an out-of-court settlement of USD 13 million (Walter, 2001; Kobrin, 1998). Both authors stress that factors other than activist pressure also contributed to the MAI's demise.
12. The calculations were performed in March 2004 by a team from Booz Allen Hamilton as part of a collaborative research project on corporate social responsibility conducted with the Center for Business and Government, Harvard University. Further details are available from the author.
13. The ten principles are as follows — support and respect for the protection of internationally proclaimed human rights; non-complicity in human rights abuses; freedom of association and the effective recognition of the right to collective bargaining; the elimination of all forms of forced and compulsory labor; the effective abolition of child labor; the elimination of discrimination in respect of employment and occupation; a precautionary approach to environmental challenges; greater environmental responsibility; and encouragement of the development and diffusion of environmentally friendly technologies; and working against all forms of corruption including extortion and bribery.
14. McKinsey & Co. (2004) conducted an independent assessment of the Global Compact's impact in preparation for a June 2004 summit of GC leaders. The study indicated that half of all participating companies reported having changed their corporate policies to align them with the GC principles — even though half had joined only within the previous 18 months.
15. The six UN agencies are the four 'guardians of the principles' (that is, the High Commissioner for Human Rights, ILO, the UN Environment Program; and the UN Office for Drug Control and Crime Prevention) and two operational agencies (the UN Development Program and UN Industrial Development Organization). Each provides dedicated staff for the GC agenda, and a small Global Compact Office in the executive office of the secretary-general manages the brand and the networks.
16. An expert 'sub-commission' of the United Nations Human Rights Commission has drafted a set of human rights norms for TNCs that would have greater legal force than the GC principles; at its 2004 session, the full Commission chose not to adopt them, but to invite consultation and commentary over the next year. For an annotated text, see Amnesty International (2003).
17. There is also some evidence of burden shifting in Africa, from the private sector to the public sector and onto families, though no overall assessment exists of its extent or of the kinds of firms involved (Rosen and Simon, 2003).

18. Dr Joep Lange, President of the International AIDS Society, said to reporters at Barcelona — 'If we can get cold Coca-Cola and beer to every remote corner of Africa, it should not be impossible to do the same with drugs' (quoted in Altman, 2002). Activists widely distributed a press release accusing Coke of 'deadly neglect', along with a 25-foot inflatable Coke bottle bearing the slogan 'Coke's Neglect = Death for Workers in Africa' (Act Up, 2002).
19. Other brief cases, including DaimlerChrysler, are available online at World Economic Forum (2003).
20. This policy was announced at a workshop on HIV/AIDS as a Business Challenge, convened in Beijing by the Center for Business and Government, Harvard University, together with the World Economic Forum and UNAIDS (see Center for Business and Government, 2003).
21. The companies include Anglo American, Bristol-Myers Squibb, ChevronTexaco, DaimlerChrysler, Eskom, Heineken, Lafarge, Pfizer, and Tata Steel (Global Business Coalition, 2003).
22. At the same time, some large and highly visible companies continue to pay no attention to these issues. Others, such as the Canadian oil company Talisman, which had a major concession in Sudan, withdrew its operations after activist campaigns caused its stock prices to plunge, as a result of which the largest foreign stakeholders in Sudan became Chinese, Malaysian, and Indian firms, over which CSOs exercise little leverage.
23. The Chad–Cameroon Pipeline may be the most ambitious such partnership yet. It involves several oil companies including ExxonMobil, the World Bank, numerous NGOs and the respective governments, and is intended to maximize the funds devoted directly to poverty reduction under international safeguards (see World Bank, 2003a; White, 2003). Revenues from royalties and dividends go into an escrow account in London. After loan service payments, 10% is earmarked for a 'future generations fund', 5% for the producing region, and the remainder is dedicated to priority spending in social sectors, vetted by an oversight group.
24. On dynamic density as an element in system transformation, see Ruggie (1998a: Ch. 5).
25. 'These companies have concluded that limits on carbon dioxide and other greenhouse, or heat-trapping, gases are inevitable . . . And to plan long-term investments, they want the predictability that comes from quick adoption of clear rules' (Revkin and Banerjee, 2001).
26. See Stop Esso Campaign (2001).
27. See Carbon Disclosure Project (2000) and Chicago Climate Exchange (2000).
28. The NGO in question is the Coalition for Environmentally Responsible Economies (Ceres), which also created the Global Reporting Initiative. Harvard's Center for Business and Government was an official co-convener. The Better World Fund, an offshoot of the Ted Turner's United Nations Foundation, financed the event.
29. The direct costs include the financial contributions other countries would have

been expected to make to the effort, estimated by Brainard and O'Hanlon (2003) to be at least USD 100 billion and rising. Indirect costs include boycotts and other risks to US brands abroad. See Tomkins (2003) and Fidler and Husband (2003).

30. Neo-conservative 'new sovereigntists' in the USA distort this development as being synonymous with world government, and argue that it must be fought because it undermines the integrity of the US Constitution (Bolton, 2000; Rabkin, 1999). For an analysis and rejoinder, see Ruggie (forthcoming).
31. For example, in a carefully documented study, Evangelista (1999) traces the impact of transnational scientific communities on Soviet scientists' advocacy of various forms of arms control and human rights. Thomas (2001) traces the impact of the human rights norms instituted in the 1975 Helsinki Accords, through the people, groups and networks they inspired to the subsequent collapse of communist rule itself.

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