how corporations rule: introduction

The climate crisis is already here.

The world is on the edge of a precipice. Already the lives and livelihoods of millions of people are being devastated by the impacts of increasingly frequent extreme weather events including flooding, droughts and hurricanes. Climate change is directly responsible for the deaths of hundreds of thousands of people per year, most from the poorest communities in the poorest countries of the world. If urgent action is not taken, we could overreach dangerous tipping points leading to irreversible and catastrophic climate change.

There is now an extraordinarily urgent and pressing need for action to cut greenhouse gas emissions and equip vulnerable and affected communities with the resources to deal with and adapt to those climate impacts that are already inevitable. Yet progress in driving international action on climate change through the United Nations Framework Convention on Climate Change (UNFCCC) – the global agreement which commits governments to act collectively to avoid dangerous climate change – has not only ground to a halt but risks slipping backwards, undermining even those narrow gains made in the 19 years since it was first agreed.

the ufncc trajectory – from inaction to disintegration

The overall trajectory of the international climate negotiations has been worrying since the 15th Conference of the Parties (COP 15) to the UNFCCC in December 2009. Up until COP 15, the failure of rich, industrialised countries (Annex I) to deliver on their broad commitments to tackle climate change through deep emissions reductions, or to provide adequate public finance to developing countries to repay the climate debt, had been a growing concern for the climate movement; so had the significant loopholes that already existed through the carbon trading mechanisms established under the Kyoto Protocol.

COP 15 in Copenhagen marked a turning point for the worse however – with the US, Japan, Canada and other countries setting out to actively dismantle the existing framework which requires them to make legally binding emissions reductions. This backward step was compounded by increasing support for the expansion of the global carbon market, from countries in the industrialised North and industrialising countries in the South. This is a dangerous escape hatch, which serves to lock in dirty development and growth while undermining ambition for global carbon emission reductions.

political (un)accountability at the national level

The problem with the UN talks is not the talks themselves. The UNFCCC is the best forum for international negotiations to tackle climate change. All 192 countries from around the world are included, with each country having an equal voice, at least in theory. There are still big power imbalances of course, and issues with transparency, resources and participation in the UNFCCC, but it is still much better than forums like the G8 and G20 where poor countries are excluded.

The problem is the complex set of global economic and political power relations, which exclude the voice of people. Globally, with very few exceptions, governments' negotiating positions are not in line with the long-term interests of the vast majority of their populations, i.e. the transformation of our economies so that we can live equitably and within environmental limits. At the same time, governments of the most powerful countries are not accountable to the poor and marginalised beyond their borders, who also feel the effects of their polluting activities.

corporate and elite capture of political decision-making

With the launch of a series of briefings, Friends of the Earth International is aiming to help shed light on what we consider to be the central issue underlying this lack of governmental accountability towards ordinary citizens on environmental and sustainability issues. In the area of climate policy and beyond, governmental positions have been increasingly hijacked by narrow corporate interests linked to polluting industries and industries seeking to profit from the climate crisis. This corporate and elite capture of decision-making at the national level is a key factor underpinning governments' failure to deliver economic transformation at the scale and speed needed to prevent the Earth's climate from deteriorating further and avoiding even more dangerous climate tipping points. This is why governments have failed to commit to such action in the UNFCCC. It is also behind multiple other failures and threats in both national and multilateral environmental policy- and decision-making. These include continued support by governments for the expansion of polluting industries and industrial agriculture, irrespective of the impacts on climate and the environment and on the rights and livelihoods of local communities.

A just transition to a safer climate and a more just and sustainable world requires a dramatic transformation in our

national economies and the global economic system, away from fossil fuel dependency, overconsumption, polluting industries and industrial agriculture, and systems of global trade which push for market liberalisation and an over-emphasis on the production of goods for export. Such a transformation threatens the interests of national and transnational elites, and of national and multinational businesses – who all have a vested interest in the status quo. These include businesses and wealthy individuals with financial interests in:

- Energy – the extraction, processing and sale of fossil fuels (such as oil, coal, gas and tar sands) or other forms of cheap but destructive energy (including dams and biofuels).
- Manufacturing – the manufacturing and sale of highly polluting industrial products like steel, cement, plastics, chemicals and other industrial commodities, or highly polluting consumer goods like cars.
- Forestry and Agriculture – the clearance of forests and the sale of forest products, the sale of cleared land for the establishment of industrial plantation agriculture, the sale of agricultural commodities produced via industrial methods, and market mechanisms related to forest use and plantation expansion.

These elites are being allowed to influence political decision-making on climate and wider environmental policy issues, pushing governments to resist calls for the urgent and dramatic transformation of our economies that is essential for driving down greenhouse gas emissions in an urgent but equitable manner, and safe-guarding forests, biodiversity, water and marine resources in a way that respects the rights and livelihoods of peoples and communities who have been the traditional stewards of these resources.

This corporate and elite capture of national-level political decision-making means that, with very few exceptions, short-term economic interests – i.e. the ability to continue with and expand the profit-making potential of their various activities – are prioritised over and above the protection of the environment and the well-being of people and communities.

This political influence is also behind growing governmental support for the expansion of 'false solutions' to the climate crisis, including nuclear energy, agrofuels, carbon capture and storage (CCS), carbon trading, and large-scale geo-engineering. These activities have highly destructive impacts on communities around the world and, far from helping address the climate crisis and advance sustainability, they too make things worse. However, they also present substantial new profit-making opportunities for businesses and investors, not to mention the chance to 'greenwash' their brands by portraying these activities as evidence of their supposed commitment to sustainability and tackling the climate crisis.

routes to influence

Private sector organisations involved in polluting and environmentally-destructive activities and false climate solutions have a strong presence at multilateral negotiating processes such as the UN climate negotiations, with many registered as observer organisations (categorised as Business and Industry NGOs or BINGOs). Many hold public side events and private meetings with government negotiators inside the talks, as well as on the sidelines.

As the case studies in this series will demonstrate, there are diverse ways in which multinationals, financial elites and national-level polluting industries can exert pressure over national and multilateral political decision-making. These include:

- Behind-the-scenes lobbying meetings with politicians and policy-makers.
- 'Soft' lobbying activities such as hospitality.
- Direct funding of political parties.
- Funding of think tanks to influence national political agendas and policy debates under the guise of academic impartiality.
- 'Revolving doors', i.e. the movement of key personnel from public administration into the private sector and vice versa, often in the same area of economic activity, e.g. a civil servant taking a job in an industry that they were once responsible for regulating, or secondment from the private sector to work in a relevant government department.
- Membership of national political task forces and committees.
- Membership of international level political task forces and committees.

underlying power imbalances

While it is important to understand and expose these ways of influencing governments and negotiations, by far the greater problem is the underlying power relations. Trade and investment liberalisation in the late twentieth century transferred significant economic power away from national governments into the hands of multinationals and the elites, who hold a monopoly over investment capital. The threat to relocate investments or business activities, taking away jobs and tax income – combined with countries' dependence on continued economic growth – have ensured that governments prioritise the interests of multinationals and business over those of ordinary people and the planet.

With this series of case studies, Friends of the Earth International aims to help open a window into the complex and largely hidden world of corporate pressure exerted over national and international climate and environmental policy. We hope that these case studies will draw attention to the power of the financial and industrial interests and multinational corporations who expend significant resources on ensuring that the current economic system remains fundamentally unchanged and that they can profit from the multiple environmental crises underway.

This issue of corporate power is complex and cannot be solved through tidy, short-term policy recommendations. There is an urgent need for a raft of strong policies to prevent this disproportionate influence being exerted. But unless the underlying power imbalances are addressed, the voices of ordinary people and communities around the world will continue to be drowned out by the elites and multinational corporations, as those vested interests will always be able to find new routes of influence.

The process of how we address the underlying power imbalance – that of building the power of an environmental justice movement – is both beyond the remit of this report and beyond the single remit of Friends of the Earth International, which is just one actor in the diverse and vibrant global justice movement. As a grassroots federation of environmental justice campaigning organisations, we are committed to working with others in the environmental justice movement and wider movements for social and economic justice. In this way we can help strengthen our work together, and support the organising and empowerment of those most affected by the unjust and unsustainable economic system that is driving climate change and environmental destruction, and undermining the rights, livelihoods and wellbeing of people around the world.

We are, first and foremost, committed to listening to and working with others in the movement to see how we can move together towards a future where the voices of ordinary people and communities – workers, peasants, indigenous peoples, women, students, and the elderly – are heard by governments and political representatives, and our livelihoods, wellbeing, and the sustainability of the natural systems that sustain us are prioritised.

friends of the earth international is the world's largest grassroots environmental network, uniting 76 diverse national member groups and some 5,000 local activist groups on every continent. With approximately 2 million members and supporters around the world, we campaign on today's most urgent social and environmental issues. We challenge the current model of economic and corporate globalization, and promote solutions that will help to create environmentally sustainable and socially just societies.

our vision is of a peaceful and sustainable world based on societies living in harmony with nature. We envision a society of interdependent people living in dignity, wholeness and fulfilment in which equity and human and peoples' rights are realized. This will be a society built upon peoples' sovereignty and participation. It will be founded on social, economic, gender and environmental justice and free from all forms of domination and exploitation, such as neoliberalism, corporate globalization, neo-colonialism and militarism.

We believe that our children's future will be better because of what we do.

friends of the earth international secretariat

P.O. Box 19199
1000 GD Amsterdam
The Netherlands
Tel: 31 20 622 1369
Fax: 31 20 639 2181

www.foei.org

friends of the earth has groups in: Argentina, Australia, Austria, Bangladesh, Belgium, Belgium (Flanders), Bolivia, Brazil, Cameroon, Canada, Chile, Colombia, Costa Rica, Croatia, Curaçao (Antilles), Cyprus, Czech Republic, Denmark, El Salvador, England/Wales/Northern Ireland, Estonia, Finland, France, Georgia, Germany, Ghana, Grenada (West Indies), Guatemala, Haiti, Honduras, Hungary, Indonesia, Ireland, Italy, Japan, Korea, Latvia, Liberia, Lithuania, Luxembourg, Macedonia (former Yugoslav Republic of), Malaysia, Malawi, Mali, Malta, Mauritius, Mexico, Mozambique, Nepal, Netherlands, New Zealand, Nigeria, Norway, Palestine, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Scotland, Sierra Leone, Slovakia, South Africa, Spain, Sri Lanka, Swaziland, Sweden, Switzerland, Tananzia, Timor Leste, Togo, Tunisia, Uganda, Ukraine, United States, and Uruguay.

available for download at www.foei.org/publications

Friends of the Earth International