



COMMENT ON BEHALF OF THE GROUP OF 77 AND CHINA BY AMBASSADOR BYRON BLAKE, DEPUTY PERMANENT REPRESENTATIVE OF JAMAICA TO THE UNITED NATIONS, AT THE SESSION OF THE SECOND COMMITTEE OF THE GENERAL ASSEMBLY ON “THE ROLE OF THE PRIVATE SECTOR IN ACHIEVING THE MDGs” (New York, 17 November 2005)

Mr. Chairman,

Thank you for this opportunity to make a brief comment on behalf of the Group of 77 and China.

We have heard four excellent presentations. There is no question that:

- Business has a major role to play in poverty eradication since fundamentally the eradication on even significant reduction of poverty depends on sustained development of economic growth,
- There are some very socially responsible companies. We have heard from Representatives of some excellent examples, and that
- The global compact is an important innovation.

There are some important challenges, however. The Global Compact and other socially responsible companies constitute a very small portion of companies by number, and capitalization or any other measure. The 2,000 companies of all types and sizes, in the Global Compact is – just about 3 per cent of the over 60,000 transnational corporations, not total companies. How can this small group be scaled up to make a real difference? Mr. Arun Maira pointed to this challenge. How can we avoid being blindsided by the actions of these socially responsible companies thereby allowing the large number of shortsighted totally profit-oriented companies, the “genuine red meat capitalists” to borrow Maira’s language to exploit poor countries, poor people and the environment? How can we avoid legitimate criticisms of companies, which continue to exploit being seen as criticism also of the socially responsible companies and to avoid these companies being discouraged in their actions?

Mr. Chairman,

We cannot say “self interest” will cause private companies to do the right thing for the poor. We cannot say that providing the environment which allows firms to provide “reasonable” returns to those who invest, will help the local poor or the local economy. If these often stated assertions were true we could not have, after the longest period of global economic growth, of highest corporate profits and of booming stock markets everywhere increasing absolute and relative poverty. One half of the world’s population living on less than \$ 2 a day while the income of the top 10 per cent move off the scale – persistent and growing inequality between rich and poor.

Mr. Chairman,

We cannot plead voluntary action. The public relations budget of the large corporations to mystify and justify their actions is multiples of the resources available to Governments or to the socially responsible companies. We cannot depend on shareholders consciousness and pressure. Shareholders are scattered and most often not resident in the poor countries. Investment decisions are driven by the actions of “insulated” stock market operators who watch and feed on the results of their actions of yesterday – self fulfilling and short-term. Effective regulations are perhaps the only means of ensuring that even the good practices of the socially responsible companies are not eroded.

Mr. Chairman,

Mr. Maira spoke of the “conceptual emergencies” which must be overcome. An important one in order for the private sector to address the issue of poverty, especially through remunerative employment, is the mantra, which has emerged over the last twenty-five years that labour is the problem for business or even the public sector – down-size, right-size, gets rid of labour. Chief Executive Officers (CEOs) are given massive rewards for the amount of labour they can discharge. Restructurings and mergers are announced by the number of jobs which will go; the amount by which the wage-bill will be reduced. Doubtless, this philosophy is important to corporate profitability and to shareholder returns. Stock markets respond positively to these announcements. The current philosophy will not drive a company to invest in its workers, the local community or to pay anything but the minimal wage.

This “conceptual emergency” has to be broken. It is a super-ordinate problem as even Governments have bought

into it and policies are directed to the depression of wages, the removal of minimum wages, reduction of mandatory benefits and devaluations, are only examples. Pressures for the liberalization of markets, the movement of businesses from country to country and the use of market power for example by large supermarket chains are all designed to get products at minimum prices. Fair trade efforts are important but they pale in the wake of these movements.

Mr. Chairman,

These are a few comments with implied questions, which might be responded to by the panel.

I thank you.

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