Sustainability and Social Justice

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Abstract

In this paper I propose an ethical analysis of the concept of sustainability that links it to the moral concepts of exploitation and social justice. On this account, sustainable business enterprises are those which can credibly demonstrate that they can maintain profitability without practicing forms of unjust exploitation of either human or natural capital. Following the work of Robert Mayer, I understand unjust exploitation to consist in "a failure to benefit some disadvantaged party as fairness requires;" or, more formally, ***A*** *unjustly exploits* ***B*** *when* ***A*** *gains at* ***B****'s expense, and* ***B****'s loss is undeserved because it is unfair. An important implication of this analysis of sustainability is that it requires that business practices be assessed against a relevant norm of fairness rather than just against the status quo ante. I then apply this analysis of the concept of sustainability to two sorts of corporate social responsibility issues: respect for the labor rights of employees and reducing greenhouse gas emissions. I argue that the ethical value that underlies both of these kinds of sustainable business practices is the value of social justice, in particular, the ethical requirement that one treat others fairly.*

Since the 1987 World Commission on Environment and Development first called for sustainable development there have been various attempts to define this concept. In the Brundtland report itself sustainable development was defined as development "the meets the needs of the present without compromising the ability of future generations to meet their own needs" (1987, 8). Sustainable development is often characterized as the practice of only taking advantage of natural resources up to the point where the rate of consumption equals the rate of renewal, restoration, or replenishment. However, the ordinary language use of the term "sustainable," in which it means to keep some process or activity going, is often the default sense when used by some business enterprises. When used in this sense, by embracing sustainability some businesses are just trying to stay in business.

This is, however, not the correct understanding of the concept of sustainability. While businesses must maintain profitability in order to stay in business, to be "sustainable" they must do so while also have due regard for the human communities and the natural environments in which they are embedded and whose well-being they can affect. The values of sustainability and corporate social responsibility emerged in the last two decades of the twentieth century mainly in order to compensate for the negative externalities of many past capitalist economic practices. The values of sustainability and social responsibility are intended to help correct for and offset the features of capitalism that tend to externalize costs to society and to environmental quality that ought to be properly accounted for in each business enterprise's own bottom lines. John Elkington coined the term "triple-bottom line" (TBL) to describe ethical business practices that take social and environmental impacts on all stakeholders into account (Elkington, 1998). The elements of TBL are "people" or social capital, "planet" or natural capital, and, of course, "profit", but not just profit and loss, but the lasting economic impact that an enterprise has on the economy. The TBL model for CSR reporting has been developed by the Global Reporting Initiative into a standardized reporting template which companies in diverse business sectors can use to document their efforts to conduct their business activities in an ethically responsible and sustainable fashion.

But then, what *does* it mean in practice to operate a business enterprise sustainably, that is, with due regard for the triple bottom line? In this paper I propose an ethical analysis of the concept of sustainability that links it to the moral concepts of exploitation and social justice. On this account, sustainable business enterprises are those which can credibly demonstrate that they can maintain profitability without practicing forms of unjust exploitation of either human or natural capital. I employ the term "unjust exploitation" in order to avoid begging an important question. There is a benign sense of the word "exploitation" that is not pejorative, in which it means simply the "beneficial use" of some resource, for instance, as in the statement, "The Nanticoke Indians used nets, baskets, and spears to exploit the abundant supplies of fish, crabs, oysters, mussels, and eels in the Chesapeake Bay." When the term "exploitation" is used in this way, the exploitation of natural resources using human labor and technology is not unjust. However, there are beneficial uses of natural resources and human labor that are exploitative in the pejorative sense, and these, I shall argue, are unsustainable. In my understanding, then the term "sustainable" as it is currently being used marks the important distinction between just and unjust forms of exploitation of human or natural capital. Sustainable businesses strive for the just and beneficial use of human and natural capital, while unsustainable businesses engage in practices that involve uses that, while they may be beneficial, are also unjust. That is, unsustainable businesses are involved in exploitation in the pejorative sense of that term (henceforth, when I employ the term "exploitation", I shall be using it in this sense).

Most business enterprises, even many quite large MNCs, operate their businesses ethically with due regard for their legal obligations and their moral responsibilities to society. Business enterprises come in many shapes and sizes, but generally speaking they all provide several important social benefits: they produce goods and services that fulfill their customer's needs and desires; they provide jobs and incomes for their employees; they create wealth for their owners and investors, and they pay taxes which help support government services. Like other corporations, MNCs are quite diverse in terms of their economic activities, their core competencies and capabilities, organizational structures, governance, ownership, revenues, and other characteristics. They operate globally both through their far-flung supply chains and through global brands and marketing strategies. Since 1989, the year the Berlin Wall came down and a convenient year from which to date the beginning of the current era of corporate-led economic globalization, MNCs have dramatically increased their economic power and their influence over domestic and international affairs. A convergence of technological factors including global communications networks, the rise of container shipping and air freight, computerized inventory control, and the Internet have made it economically feasible and cost-effective for MNCs to create and manage global supply chains. The globalization of production and finance has given capital a significant advantage over labor in industrial relations. More and more companies have seen the economic advantages of sourcing production from low-wage countries with poor labor and environmental standards and enforcement, while marketing their products in more affluent societies.

While the majority of the world's population sees globalization in a generally favorable light, many people are concerned about the power of MNCs and are worried about the harm their activities can produce to society and the environment. A 2007 poll of public opinion conducted by the Chicago Council on Global Affairs found that a majority of respondents in countries representing 56% of the world's population believed that globalization is generally good for their national economies and for consumers, they but are concerned about its negative impacts on the environment and on jobs, and would like to see environmental and labor standards built into trade agreements (World Public Opinion, 2007). Even critics of globalization will admit that increases in international trade and investment have helped to lift millions out of poverty in countries such as China and India, but many people continue to be concerned about the negative impacts of globalization on environmental quality and on labor standards, and point out that some poor countries, such as those in Sub-Saharan Africa, are being by-passed by market forces.

This ambivalence about the impact of MNC activities has led to attempts to develop a system of global governance in which a greater proportion of the world's population will be able to enjoy the economic benefits of globalization while also mitigating its adverse social and environmental impacts. This new thinking about globalization and corporate governance is currently reflected in the concepts of corporate social responsibility (CSR) and sustainability. In the past decade, as more and more corporations have embraced the values of CSR and sustainability, it is reasonable to ask some basic questions, such as, "What are companies responsible for?" and "What are business enterprises trying to sustain?" The answer to the latter question that I think makes the most sense is: They are trying to sustain capitalism, not just their own business enterprises (although also that), but the continued success of the capitalist system itself. And the answer to the former question that I will offer is: Businesses are responsible for avoiding the unjust exploitation of human and natural capital. There is no longer any question that capitalism is now the dominant economic system. But, even though capitalism emerged from the twentieth century triumphant, it is still debatable whether there is a form of twenty-first century capitalism that can succeed in producing a just global economic order. While capitalism is quite good at efficiently producing goods and delivering services, and in spurring technological innovation, its track record in fairly distributing goods and services and in protecting environmental quality, is considerably less impressive.

Moreover, there are many styles of capitalist economic systems; American-style capitalism is different from Japanese, which is different from Chinese, which is different than Indian or German style capitalism. In addition, each company has its own ethical culture which conditions the way in which it negotiates its relationships with states and society. The question we should be asking is not whether capitalism is the best economic philosophy, but rather what kind of capitalist economic system is likely to be the most stable, productive, just, and sustainable in the twenty-first century.

The primary ethical value that is served by sustainability is social justice, in particular, the value of avoiding unjust exploitation. The conscientious avoidance of exploitation is, on my view, a necessary condition for a business enterprise to operate sustainably. But if sustainable businesses are supposed to avoid exploitation, the two central questions we must ask are: "What makes exploitation wrong?" and "What makes some business practices exploitative?" The answer to the first question might seem obvious, since all forms of injustice are *prima facie* wrongs, but it is an interesting question in ethical theory, and like many such questions, opinions of moral philosophers about how to answer it have differed. As Robert Mayer has noted,

> One school of thought in the philosophical literature says that exploitation is wrong because it is coercive; the exploited are forced to benefit others, and that is not just. But another group holds that exploitation is wrong because it degrades its victims; they are treated as means, not ends. Still others argue that exploitation is wrong because it violates a duty we have to protect the vulnerable. For most wrongs — like murder, theft, or lying — it is easy to understand why the conduct is bad. But exploitation is different. We know it is wrong to be an exploiter but it is not clear why it is wrong. (Mayer 2007, 137)

Mayer's analysis holds that unjust exploiters do wrong because they, "always inflict losses of a relative sort on disadvantaged parties. They do harm to their victims, even when their interactions are mutually advantageous, by failing to benefit the disadvantaged party as fairness requires" (138). Unjust exploitation is a species of wrongful gain. We can say that *"A unjustly exploits B when A gains at B's expense, and B's loss is undeserved because it is unfair."* The important point here is that the loss to B must be measured against an appropriate norm of fairness rather than against B's *status quo ante.* As Mayer argues:

> Judged from the standpoint of the *status quo ante*, exploited parties do not lose. Consider a paradigmatic example, the sweatshop. Prospective workers who accept an offer of employment in a sweatshop are better off being exploited or presumably they would not take the job. Compared to unemployment or subsistence farming — the *status quo ante* — sweated work counts as a gain. The exploiter benefits them by expanding their options, and no doubt she is quick to point out this fact when challenged. But the exploiter still gains at the workers' expense in a relative way, judged from the standpoint of what they allegedly deserve. Though sweated labour is better off than before, it is still insufficiently compensated. These workers suffer a loss in relationship to what is owed to them by the demands of fairness. (Mayer, 141)

On Mayer's account exploitation always involves "a failure to benefit some disadvantaged party as fairness requires" (143). If we accept Mayer's account of the reason why exploitation is wrong, then we need to determine what fairness requires and how to assess it. One implication of Mayer's account of exploitation is that it allows us to understand why the practice of sustainability and CSR in general requires the setting of global standards against which corporate social and environmental performance should be assessed. If all that mattered was an ability to demonstrate that, say, by opening a garment factory in Bangladesh, one was contributing to improving the local population's living standards over the *status quo ante*, it would not be necessary for performance to be measured against any standard other than the local one.

However, as we know, it is possible to produce an overall improvement in living standards in many impoverished countries while also operating a business in a socially irresponsible and unsustainable fashion, for instance, by employing child labor, imposing unhealthy or hazardous working conditions on workers, by requiring excessive working hours, or by paying wages that are insufficient to provide adequate subsistence to workers and their families. Such working conditions describe a pattern of unjust exploitation, one which while it may produce a benefit to society, is nevertheless unjust. A simple-minded cost-benefit analysis is not the proper ethical lens to use to see this clearly. The conceptual link between sustainability and justice explains why it is necessary to assess business social performance against global labor norms, such as the standards of the ILO, or the similar standards embodied in voluntary codes of conduct such as SA8000, the Fair Labor Association code or the ETI. These standards define the relevant norms of fairness against which we assess whether or not a particular business enterprise is exploiting its workers or not.

Exploitation is a moral wrong, not because it does not produce a benefit, but because it is unjust as measured against an appropriate norm of fairness. For social exploitation, there is already a well-developed body of norms represented by international human rights law, as well as the conventions of the ILO. There are now many corporate codes of conduct that embody or make reference to these norms in their own corporate social responsibility policies. There is also, at least in some cases, the functional ability to gain independence assurance that these ethical norms are in fact being followed in factories, farms and other workplaces. In the past two decades there has been enormous and quite heartening progress for corporate social responsibility for human rights, although there is still more that needs to be done. However, does my analysis of exploitation also help us to understand environmental sustainability? This is, after all, the original context in which this concept arose and it is still what most people think of when they talk about sustainability. If we go back to the original definition of sustainable development -- development that meets the needs of the present without compromising the ability of future generations to meet their own needs – we see that it also embodies a norm of social justice, but this time it is intergenerational justice. This feature of the concept of sustainability, its link to the concepts of exploitation and social justice, can be used to explain why we desperately need to develop a set of international standards concerning environmental protection, and in particular, standards for greenhouse gas emissions.

The failure of the recent Copenhagen Climate Change Summit was such a disappointment because it did not produce an agreement on such standards. The primary goal of the summit was to get the major emitters of CO2 and other greenhouse gases (GHGs) to agree on a global standard that would create binding and enforceable standards for GHG emission reductions. The reason why we need such standards is because the capacity of the Earth's atmosphere and oceans to absorb CO2 without triggering risky climate disruption is finite, and we have already reached or soon will be reaching the upper limit of that finite capacity. The Earth's absorptive capacity is a form of natural capital, one that some industrialized countries have been exploiting for some time. Some nations, for instance, the USA, have been emitting GHGs at a rate far greater than their fair share of the Earth's finite absorptive capacity, while other nations produce emissions at rates far less that what they should be entitled to on the basis of the size of their populations. This arrangement is *prima facie* unfair, and for this reason alone is unsustainable.

But it is also unfair to future generations of human beings. If we conceive of the global society to which we all belong as defined both spatially, as national groups occupying various geographical territories, and also temporarily, as a series of succeeding generations of human beings, then our current practices with respect to GHG emissions are also unfair to members of future generations. Consider a simple analogy: Suppose we have a birthday cake that is just big enough to feed 10 people. Suppose further that the guests to the party arrive at various time intervals, some coming to the party sooner than others. The fair way to cut the cake would be for the early arrivers to obey the "Lockean Proviso" which says that one may take only so much from the commons as will allow others to do the same.[1] This implies that each birthday boy or girl is entitled to one-tenth of the cake. But suppose Sam arrives at the party first, and decides to take a larger slice of cake, say one-quarter. Sam can do this because the other party-goers have not arrived yet and cannot prevent him from taking more than his fair share. Once Sam takes his quarter cake share and eats it, this finite resource is no longer available for others guests at the party are forced to settle for lesser shares of cake.

This is a paradigm of unfairness, one in which the exploiter, Sam, takes unfair advantage of his temporal position in order to reduce the shares of cake that others are justly entitled to by a norm of fairness. It does not matter that Sam may already have left the party when the later-comers arrive only to discover that they have been cheated; Sam still acted in a wrongful fashion whether or not he can be punished or made to pay reparations. This analogy helps us see why we must now, as a matter of global emergency, quickly enact and implement global standards regarding GHG emissions. We ought to regard our current energy consumption practices as unsustainable because they are unjust, and their injustice should be regarded as a sufficient reason to alter them. Despite the absence of international treaties that define standards for GHG emissions, what is sometimes referred to as the global governance gap, many businesses have taken significant steps towards reducing their energy consumption and adopting more sustainable business practices.

[1] "For his labor being the unquestionable property of the laborer, no man but he can have a right to what that is once joined to, at least where there is enough, and as good, left in common for others." John Locke, *Second Treatise of Government* (1690). This is very close indeed to the definition of sustainable development.

This progress has been made in large part because of the work of nongovernmental organizations (NGOs) and intergovernmental organizations (INGOs) which have stepped in to fill the global governance gap by setting standards such as the UN Global Compact (2000) or the CERES Roadmap for Sustainability (2010). The UN Global Compact has provided a learning community in which companies can compare best practices in CSR and sustainability and make progress towards greater sustainability in a relative non-threatening way. NGOs like CERE have been promoting sustainable business practices for two decades, through standard setting and education, and have recently issued a new report: The 21st Century Corporation: Roadmap for Sustainability, that provides guidance on twenty ways in which companies can improve their sustainability through better governance, stakeholder engagement, disclosure, operations, supply chain management, logistics, marketing and employee relations (2010). There are now many companies that have embraced sustainability as a core value of their corporate culture. This represents a practical response to the demand for social justice despite the absence of global standards.

However, there are many businesses that have not moved towards embracing sustainable business practices, or which have only done so by paying lip service to the idea as a public relations strategy. When confronted with a purely ethical argument for sustainability, some people respond by saying, “If you want me to do something differently then you have to explain what’s in it for me?” This is not really a demand for an ethical argument for doing something, rather it is asking for a psychological motivation based on self-interest to do what is right. Many people are not intrinsically motivated to act justly and ethically and often need to be convinced to do so by some appeal to their self-interest. Such people can be moved to act ethically, at least in part, by their expectation of social approbation or disapprobation. For them one answer to the question why they should be motivated to embrace the value of sustainability and strive to promote intergenerational environmental justice, is that by doing the just and socially responsible thing they still have a chance of avoiding being regarded as exploiters by those who come to the party after us. The generation of our parents or grandparents, those who are lived through the first half of the twentieth century, who endured the hardships of the Great Depression and who made great sacrifices in order to defeat the scourges of fascism and communism, are likely to be remembered as the "greatest generation". Their children and grandchildren, that is, us, need to get our act together very soon if we are going to avoid being labeled the "worst generation".

It not in our self-interest to delay the transition to a sustainable economy because the longer we delay, the more reason our children and grandchildren, and members of further future generations, will have to regard us with contempt. Al Gore recently put this point pithily by saying that we need to worry “that our grandchildren would one day look back on us as a criminal generation that had selfishly and blithely ignored clear warnings that their fate was in our hands” (Gore, 2010). Our moral motivation to seriously address climate change now is to avoid the contempt of future generations and to earn their gratitude as our generation’s legacy. If we do not do so, we will all go to our graves knowing that we will be forever reviled as a generation made up of selfish exploiters who lacked the self-control to do what we knew we should do in order to leave the planet for our progeny in at least as good condition as we found it, because we preferred driving gas-guzzling sport utility vehicles, burning cheap but dirty coal for electricity generation, and keeping the oil age going as long as possible in order to reap the enormous profits generated by a declining supply of petroleum along with increasing demand, to safeguarding the stability of the climate and the health of the planet for succeeding generations. We should not, I think, enjoy the prospect of going down in history as the most selfish, short-sighted and contemptible generation that ever lived. The protection of our generational legacy provides a self-interested reason for embracing the value of environmental sustainability for those among us who are not sufficiently motivated by the demands of justice.

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