

Chapter 3

Beyond Neocolonialism

Jaya Samuel, Dr. Shruti Shankar Gaur, Oluneye Oluwole,
and Marie Shabaya

© 2025 The Digital Economist. All rights reserved.

This publication is distributed under the terms of the Creative Commons Attribution–NonCommercial–NoDerivatives 4.0 International License (CC BY-NC-ND 4.0).

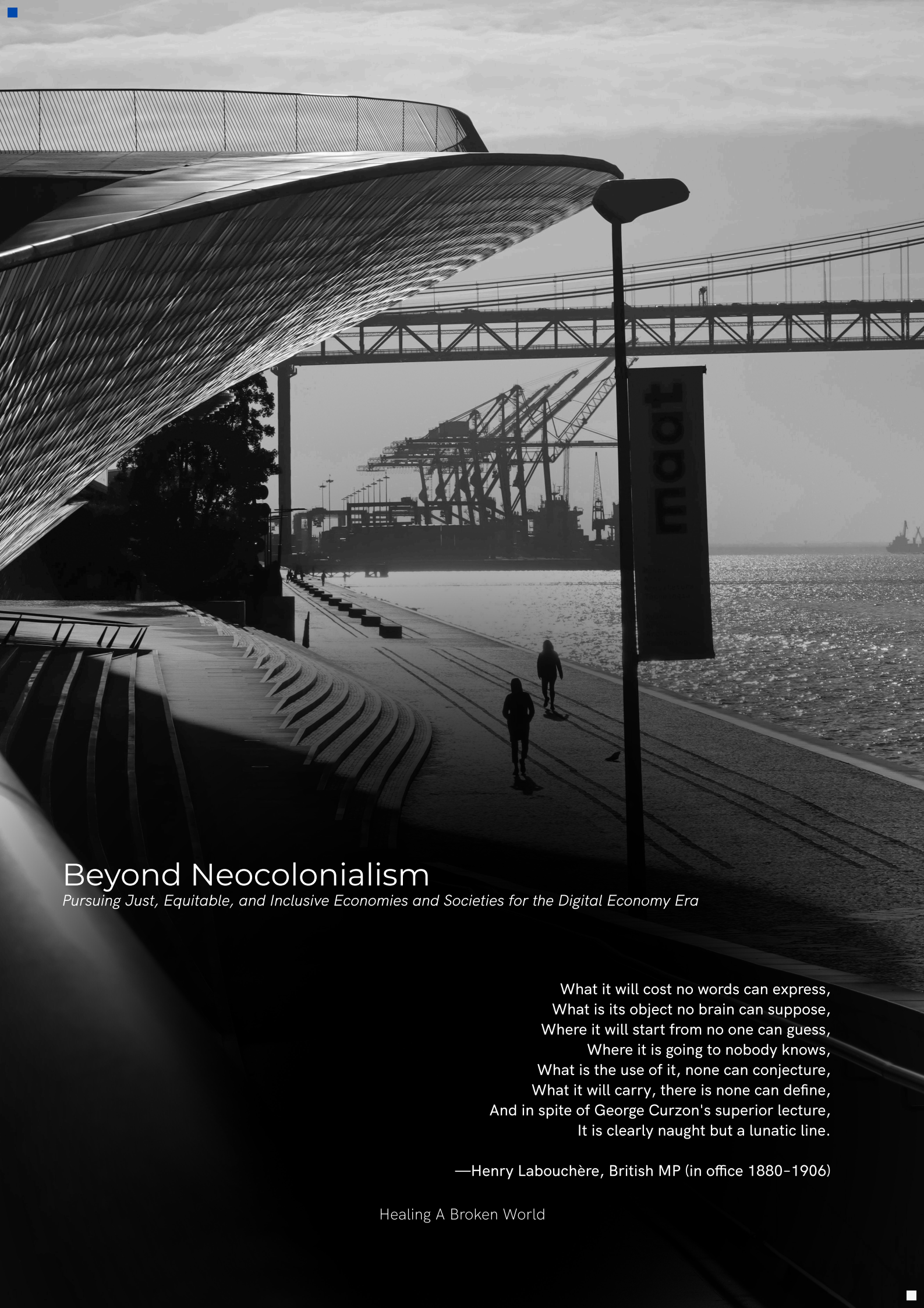
No part of this publication may be reproduced, distributed, or transmitted in any form or by any means—including photocopying, recording, or other electronic or mechanical methods—without the prior written permission of The Digital Economist, except in the case of brief quotations embodied in critical reviews or certain other noncommercial uses permitted by copyright law.

For permission requests, please contact:

The Digital Economist

Email: info@thedigitaleconomist.com

Website: www.thedigitaleconomist.com



Beyond Neocolonialism

Pursuing Just, Equitable, and Inclusive Economies and Societies for the Digital Economy Era

What it will cost no words can express,
What is its object no brain can suppose,
Where it will start from no one can guess,
Where it is going to nobody knows,
What is the use of it, none can conjecture,
What it will carry, there is none can define,
And in spite of George Curzon's superior lecture,
It is clearly naught but a lunatic line.

—Henry Labouchère, British MP (in office 1880–1906)

Healing A Broken World

Setting the Scene: The Colonial Conundrum

In the past few centuries of our history, imperialistic powers and colonialism reigned over more than ninety countries, changing cultures and global traditions forever. Even today, as we stand almost a quarter into the twenty-first century, the effects of the colonial era can be widely seen in contemporary geopolitics. With economic power rising globally and companies wielding the GDPs of smaller nations, we must ask ourselves, how much of the colonial era is actually past?

The original 1,067-kilometer line of the Uganda Railway, completed in 1901, connected Kisumu, on the northeastern shore of Lake Victoria, through the interiors of Uganda and Kenya, with the Indian Ocean at the Kenyan port city of Mombasa. Today, the line lies within the borders of modern Kenya. However, at the turn of the twentieth century, it was seen as a British project of great extravagance, earning its defamatory moniker, the “Lunatic Express,” and particularly so when coupled with the stories of construction crews plagued by disease and lion attacks.

However, in the final decade of the Victorian imperial era, characterized by such grand ambitions and endeavors, Henry Labouchère’s poem reverberated through the halls of the British Parliament of 1894, expressing his sentiment toward the audacious undertaking. His poem drips with disdain for adventure, and he branded it a “gigantic folly.”

At £3 million (or nearly 800 million USD in present value), the Uganda Railway stood as a testament to the often exorbitant pursuits of Victorian Britain’s vision of its imperial grandeur. Winston Churchill describes this in his book *My African Journey* (1908) as the art of “muddling through” here on full display. Through everything—through forests, mountainous ravines, lions, famine, war, and five years of excoriating debate in the British Parliamentary—the building of the railway, in a more or less effective fashion, arrived at its goal.

Other nations had projected easily constructed rail lines through the barely known interior vastness of sub-Saharan Africa. However, the British planners for the Uganda Railway called it into being—from nothing—not as finite-detailed paper drafts of design plans for naval warship building, drawn in the offices of the British Admiralty and sent down to the controlled industrial management of the Royal Dockyards of Kent.

Instead, the planning for the Uganda Railway was reportedly lightly undertaken on the ground, concurrent with construction grinding through jungle and plain—an iron-hard artifact. Soon, its steam-engine whistles would disrupt Nyanza tribal peoples from their primordial nakedness and into *Americani* cotton piece goods from cotton grown in Egypt, the American South (hence *Americani*), and India, to be woven in the mills of Lancashire for domestic and export trade—another chapter in the long arc of the story of colonialism.

This chapter explores some of the complex narrative(s) of colonialism, with the Uganda Railway serving as a gateway to an understanding of the triumphs, follies, and enduring legacies of an era that shaped the destinies of nations. There is an emphasis on present cases and narratives serving as bridges to the exploitative past before looking at possible solutions to understand what can be practical solutions to steer ourselves into a more equitable and just future.

Further, we see whether the following passage still holds today:

Neo-colonialism is also the worst form of imperialism. For those who practise it, it means power without responsibility, and for those who suffer from it, it means exploitation without redress. In the days of old-fashioned colonialism, the imperial power had at least to explain and justify at home the actions it was taking abroad. In the colony those who served the ruling imperial power could at least look to its protection against any violent move by their opponents. With neo-colonialism neither is the case.

From the Introduction to *Neo-Colonialism, the Last Stage of Imperialism* (1965), Kwame Nkrumah, Ghana's President, 1956–1967

Some questions we ask in this chapter:

- Is the Democratic Republic of Congo (DRC) continuing as a consumer market for the benefit of its former European colonial powers through the current mining extraction of coltan (from tantalum ore) and niobium, essential minerals for the manufacture of capacitors for mobile phones, personal computers, automotive electronics, and cameras?
- Does the reportedly common occurrence of child labor employed in the mining of cobalt bound for China's manufacture of lithium-ion batteries for everything from EVs to iPhones justify the historic labor exploitation, including child labor, practices that were common to the colonial era continuing today? Different ore is being exploited, and the same demographic hands are doing the work.
- Are the needs of former colonial powers of the Global North currently fueling both economic and social injustice, inequity, and exploitation in the Global South?

- Are independent emerging and developing states still dependent economically and politically on their former imperial colonial powers in the "new international-trade form called neocolonialism?
- Are current migrant flows from the Global South to the Global North worldwide a modern-day holdover consequence of imperial colonialism traits being carried out in the present moment by the wealth and power of multinational corporations (MNCs) without sufficient regulatory governance or legal oversight?

Here, we attempt to ascertain whether emerging and developing countries are still being exploited and economically and politically disadvantaged by a new form of dependence on the former colonial powers of the Global North. And if so, what should be the call to action in addressing such conditions for a future built on human-centered fairness, equity, justice, and inclusion?

The Rise of Powerful Multinationals

A primary consideration of this paper is addressing why and how MNCs are able to not only function but flourish as fundamentally neocolonialist entities without being adequately held accountable as a matter of the lack of, and lack of enforcement of, effective international and domestic laws as well as the general perpetuation of colonial economic structures into the modern era of MNC power.

For at least a hundred years, we must pretend to ourselves and to everyone that fair is foul and foul is fair; for foul is useful and fair is not. Avarice and usury and precaution must be our gods for longer still.

—*Essays in Persuasion*, John Maynard Keynes (1931)

In a world where “sovereignty and nation-statehood are the basic units of currency,” the nuances of neocolonialism pervade our increasingly globalized economy. These features of national power in the Global South have been particularly obscured as economic development, or lack thereof, is the primary source of contention.

Again, drawing from Kwame Nkrumah, who describes the “essence” of neocolonialism:

The state which is subject to it is, in theory, independent and has all the outward trappings of international sovereignty... (yet) For those who practice it, it means power without responsibility, and for those who suffer from it, it means exploitation without redress.¹

These concepts of “power without responsibility” and “exploitation without redress” distinguish neocolonialism from transnational cooperation and collaboration. Subjugative dependency summarizes both phrases, highlighting the imbalance of power between emerging and developing economies and the developed world.

In the case of economic dependency, the ability of developed countries to “provide” can be a deceptive power, where the lines between *aid* and *exploitation* are easily blurred by a lack of understanding of actual conditions, an on-the-ground, street-level view of the “aid” being provided, and the complex potentiality for the involvement of third parties. Ultimately, if this power is abused, the sovereignty that defines nationhood becomes a “bargaining chip” to be exchanged for the financial means of political, economic, and/or social survival and well-being.

Our discussion of neocolonialism seeks consideration of the contributions made by wealthy MNCs (principally headquartered in the Global North) to a deepening of economic dependency of the Global South on the North.

Both ESG And UNSDG Provide Useful Frameworks

ESG (*environmental, social, and governance*) policies provide useful frameworks for addressing these issues and impacts, as well as helping to shape a new, post-neocolonial paradigm for the Global South. The 17 major United Nations Sustainable Development Goals (UNSDG) offer another familiar and well-practiced context for understanding how the capital flows of aid also contribute to neocolonialist tendencies, even when well-intentioned.

This wave of neoliberal globalization in the modern era has given MNCs a *de facto* “right set of circumstances” for opportunistically intervening as simultaneous “providers” of workforce employment opportunity and perceived economic growth while often being exploiters of the Global South’s labor and extractive resources.

Throughout the decades of the 1980s and ’90s, the Global South regions (principally in Africa and Latin America) were presented with formulations such as the following:

- **Structural Adjustment Programs (SAPs)** are a set of economic reforms that a country must agree to and adhere to secure a loan from the International Monetary Fund (IMF) and/or the World Bank, as well as agreements.
- **Trade-Related Aspects of Intellectual Property Rights (TRIPS)**, established by the World Trade Organization (WTO) to regulate the international trade of intellectual property rights. The agreement sets out minimum standards for protecting and enforcing intellectual property rights in different countries.

¹ Nkrumah, Kwame. 1965. *Neocolonialism: The Last Stage of Imperialism*. London: Thomas Nelson & Sons.

- **General Agreement on Trade in Services (GATS)**, with the intended contribution by the WTO “to world services trade resting on three main pillars: [a] ensuring increased transparency and predictability of relevant rules and regulations, [b] providing a common framework of disciplines governing international transactions, and [c] promoting progressive liberalization.”

All of these are intended to promote trade liberalization but may have ultimately resulted in the unintended consequence of wage decline, rising unemployment, and poverty increase.

Loans from international financial institutions (IFIs) such as the IMF, World Bank, the WTO, and the Organization for Economic Cooperation and Development (OECD) urge the Global South to seek and accept foreign direct investment (FDI) as a means of addressing lacking economic progress and the subsequent resultant loan debt.

Although the introduction of an MNC may initially benefit host countries through needed capital flows from factory and related infrastructure construction, for example, the “set of circumstances” outlined above present the risk of perpetual economic vulnerability, which host countries experience thereafter.

Such neoliberal globalization policies open up host countries to influence by the larger global economy (as demonstrated by the 2008 economic crisis) and may result in placing them in competition with each other to attract FDI by making labor cheaper, all while raising environmental and land-distribution concerns in addition to the evident reality of MNCs gaining a majority of the profit.²

Power without responsibility and exploitation without redress aim a spotlight at the ongoing capacity of MNCs for effective exploitation of

developing economies of Global South countries and their populations due to a lack of enforcement of international human rights laws and national labor and environmental laws, as well as an absence or “overlooking” of alternative economic development sources and methodologies that accommodate host countries’ financial circumstances.

Designing Change?

Possible solutions in combating this issue can be structured as conversations surrounding incentives for change, how those of the Global North and South may diverge and converge, and, most importantly, how the global economy could potentially shift in response to short and long-term change.

As we find new ways to engage in financing for UNSDG programs fruitfully, ESG policy and governance work may provide potent solutions for philanthropic grant funding rather than part of a mutually beneficial investment strategy. By targeting the connection between human-centered values and corporations’ fair and equitable profitability for returns to investors, ESG and SDG work attempt to dismantle the seemingly fixed link between profits and exploitation by fostering new corporate standards that penalize rather than reward abuses of power.

How did we get here? The conception of MNCs as neocolonialist entities traces its origins back to the presence of Dutch and English trading companies operating in the Global South during the pre-industrial revolution period of the sixteenth through eighteenth centuries. Namely, entities like the East India Company (EIC), the Dutch East India Company (Vereenigde Oost-Indische Compagnie [VOC]), the Dutch West India Company (WIC), the Royal African Company, and the Hudson Bay Company in the British colonial era.

² Multinational Corporations in Developing Countries.

These trading companies presented themselves as proxy governments in imperial colonies. They thus substantiated the lack of separation of interests between governments and their private-sector industrial and commercial wealth trade interests. Indeed, the Hudson's Bay Company served as Canada's *de facto* governing body.

The EIC gradually attained authority to "conclude alliances and treaties with native princes, and lead territorial expansion," and directly contribute to politics as "British financial leaders became involved in the EIC, while company representatives advised the British government on financial affairs." In addition, "plantation companies such as the Virginia Company were licensed to establish colonies."³

Whether designed for long-distance trade and commerce or more imperialistic purposes, these companies "generally possessed royal charters that detailed their rights to wage war, conduct diplomacy, control commerce, and administer settlements in the known and undiscovered world" on behalf of their home governments. This emphasis on trading companies as independent, unbridled entities is a point of historic similarity and modern-era distinction of MNCs.

With the long transition from traditional trading companies to MNCs, government involvement in corporations/companies has shifted from overt to more furtive; even so, neither MNCs nor their respective home governments have been held accountable for their colonial/neocolonial exploits and practices.

Through preexisting treaties, trade agreements, privatization, and relatively easy access to investment capital formation, MNCs assert their power often in tandem with and even in lieu of the governments of their origin countries, equating them to proxy states. A current demonstration of

this, one might be viewing a news video recording of a senior diplomatic meeting between Thai or Vietnamese and US officials, and at the same time and seated prominently at the same table may well be one or more senior executives of US- or EU-headquartered MNCs.



³ Trading Companies.



Part 1: Real and Present Cases

1.1 What Is a Honduran ZEDE?

First established following the 2009 Honduran coup d'état, Zones for Employment and Economic Development and Employment (ZEDE) have recently taken the political stage after President Xiomara Castro and the National Congress repealed the law that originally put these zones in place.

Conceptually, ZEDE is a type of administrative division in Honduras that provides a high level of self-governing autonomy, even having its own civil codes and security or police force, while still being subject to the criminal code of the Honduran government.

These trade zones give private companies "'functional and administrative autonomy' from the national government," allowing them to control territory independently. In opposition to the repeal, US-headquarter company Próspera, a ZEDE "new-city" developer of St. John's Bay on the Honduran island of Roatán, is suing Honduras for 10.8 billion USD on the grounds of the overturning of ZEDE violating the Dominican Republic–Central America–United States Free Trade Agreement (CAFTA-DR). If Próspera prevails in its bid, it could bankrupt the country.⁴

1.2 So, Who Is This Próspera, and Why All the Fuss?

According to the company's website, Próspera,

headquartered in Washington, DC, is a developer of "new cities" with global aspirations. It is an intriguing concept described on its LinkedIn profile: "A platform for sustainable growth, developing twenty-first-century cities via a global community of builders, Próspera empowers modern pioneers to contribute to a new generation of flourishing cities. With a community of global talent, optimized governance, and momentum across multiple physical cities, we're actively shaping the future of human civilization." A bold vision, indeed!

Upon casual examination, Próspera's development on Roatán appears to be a Caribbean hub resort community to serve as a "digital-nomad" hub. It is backed by controversial Silicon Valley investor Peter Thiel, co-founder of PayPal and the first outside investor in Facebook, now Meta.

CAFTA's "extreme investor rights" empower the company to challenge democracy and effectively create a self-governing sovereign state within a country run by the technical secretary of the ZEDE CAMP.⁵ Melinda St. Louis, director of Public Citizen's Global Trade Watch, stated, "The territory was removed from [Honduran] municipal jurisdictions." Under the provisions of now-revoked ZEDE, "Próspera would hold governing power, as a private development corporation, to set its own regulatory standards, tax policy, and monetary policy, security, have their own separate court system and, basically, run their own government."

Such self-regulatory powers are not limited to those directly affiliated with Próspera as cryptocurrency has opened the door for the average person to become an "e-resident." As such, individuals can open their own businesses and recommend regulatory codes, potentially circumventing both American and Honduran laws.

Yet again, profit and monetary power take precedence over democracy. The placement of Honduran sovereignty in the hands of not only

⁴ Honduras Private Charter Cities.

⁵ Honduras: Zonas de Empleo y Desarrollo Económico (ZEDE) y sus Impactos en los Derechos Humanos.

corporations but the “little man” (in this case, meaning individuals who buy into and decamp in St. John’s Bay) communicates the insignificance of domestic authority in the eyes of this particular MNC with apparent similar ambitions elsewhere globally.

1.3 A Potentially Pernicious New Form of Neocolonialism?

Despite CAFTA’s exigent implications, the clandestine nature of the trade agreement is also a testament to governance’s disregard for local populations. St. Louis, in her reporting, explains, “the trade agreement that no one knew about, and...these secretive trade rules that empower corporations to be able to challenge democratic policies outside of the Honduran court system” (except in the previously noted case of criminal code violation). It isn’t a US court, nor is it a Honduran court; “instead, disputes are arbitrated before in a private tribunal [with] three arbitrators, who will decide whether to ransack the treasury of the tiny country of Honduras...”⁶

Venessa Cárdenas, community council leader of Crawfish Rock on Roatán, details how the Próspera ZEDE has impacted her area: “We didn’t hear it from the government, of course. We heard it through a community leader. And she practically was telling us underneath because she was so scared... We had to knock on so many doors because...no one knew about it. The authorities knew nothing about it.”

This blind-siding approach is reminiscent of colonial practices: Local populations, unable to gain the information to protect their communities, may ultimately be forced to succumb to such alien jurisdiction dropped right in their midst. The lack of forewarning from the government is also a true show of its ineffectiveness in this circumstance. ZEDEs adopted the standard practice of promising

employment opportunities to the local population to gain support. However, Cárdenas says this assurance was not fulfilled, and there was no recourse.

Promises developed into intimidation. Cárdenas speaks to the physical and psychological effects of ZEDE on her community. “Physically, the community was stuck in limbo,” she told St. Louis. “People didn’t even want to fix their fences because it was, like, you know, we don’t know when we’ll have to move...they have torn down a complete hill, a hill that has so many species of animals, species of trees, as well as [being] our main source of water. We already have a well that has been dried up.”⁷

ZEDEs’ physical environmental development threat transmutes itself into a psychological one, with residents fearful of the possibility of losing their homes if they do not support the corporate developer’s agenda. Local populations, in such cases, see their choices as some form of activist self-defense or submission to scrape up whatever benefit may fall their way in terms of jobs or trade opportunities if the real estate development corporations succeed.

The question, then, becomes: Do local populations want to do this the “hard way” and fight for their equitable and inclusive participation? Or the “easy way” by passively hoping for the best outcomes but having no say, control, or ownership stake in their community’s economic development? Often, extreme laws and treaties employed by MNCs can tacitly entitle them to undermine local populations while avoiding accountability for doing so and, thus, exploit developing countries.

International law at its foundation—as identified in Article 38 of the Statute of the International Court of Justice (ICJ) in the Hague—is “an international institution with the combined consideration of [1] treaties; [2] customary international law, derived

⁶ https://www.democracynow.org/2023/6/28/honduras_private_charter_cities

⁷ https://www.democracynow.org/2023/6/28/honduras_private_charter_cities

from a general practice accepted as law' and exist independent of treaty law⁸; [3] general principles of law; and [4] 'judicial decisions and the teachings of the most highly qualified thought leaders of the various nations, as a subsidiary means for the determination of rules of law.'" Such "consideration" is significant because, generally, the law of nations is a system of norms that is ultimately not enforced.

The following sources of international human rights law provide a framework of standards that can help determine whether MNCs are committing "crimes against humanity" that may be legally addressed. These are embodied in general conventions open to all states, regional conventions, conventions pertinent to specific rights, conventions protecting specific groups, and customary international law.

1.4 Does It Qualify as "Criminal Behavior"?

Within the context of the current presence of MNCs operating in the Global South, international human rights law may be especially applicable, given that genocide, apartheid, human trafficking, child labor, enslavement, physical abuse, and torture are its decisive norms.⁹

The International Criminal Court (ICC) in the Hague is an intergovernmental treaty body and international tribunal. It is an extension of international law as established by the Rome Statute treaty, 2002 (*which the US signed but never ratified, which requires a two-thirds majority vote of the US Senate*).

The ICC functions as a "court of last resort" that prosecutes individuals in collaboration with domestic law enforcement or third parties. In contrast, the International Court of Justice (ICJ)

settles conflicts between nations.¹⁰ That is a critical distinction pertinent to the subsequent discussion of the ICC's role in prosecuting MNCs.

In effecting justice and peace, the ICC acts on a "principle of complementarity intervening, where national courts are unwilling or unable to prosecute accused parties,"¹¹ including heads of state, as well as non-state actors such as rebel group leaders. The dynamic between domestic and international law is key to determining whether these acts occur without legal constraints and how to address them effectively.

Crimes against humanity are within the jurisdiction of the ICC. Enslavement, torture, imprisonment, or other severe deprivations of physical liberty are the acts most likely to be perpetrated by MNCs against economically dependent local populations in the Global South.

Economic dependency has not only existed as a situational standing but has become embedded in the Global South's public perception and sustained reality. "Banana republics" describe developing countries, namely in Latin America and the Caribbean, solely dependent on single cash crops for economic stability. Formed in 1899, the United Fruit Company (UFC) directly created and perpetuated the meaning of the term "banana republic" by controlling the "economic lifelines" of countries such as Guatemala, Honduras, and Nicaragua.¹²

For countries with a single wealth-creation "lifeline," the hegemonic nature of these markets places economic and social survival and any notions of the prosperity of local populations in the hands of culturally dissonant and exploitative foreign entities. The paradox in these systems of dependency is one of voluntary disenfranchisement in exchange for economic or social "aid."

⁸ Customary Law.

⁹ GOV 1740 Notes.

¹⁰ The Rome Statute and the International Criminal Court: Factsheet.

¹¹ The Rome Statute and the International Criminal Court: Factsheet.

¹² China's Role in Global Governance.

1.5 When Beer-Making Supersedes Domestic Water Needs

For example, in Mexico, a US-headquartered MNC, Constellation Brands, forced its Corona and Modelo brewery workforces to keep working through the COVID-19 pandemic to maintain contractual promises to US distributors and consumer suppliers.

However, an even greater issue may be the operational water use by the breweries as much of Mexico struggles with climate-change-driven long-term (and worsening) drought, covering the areas where the company's Corona Modelo brands are brewed. "A single brewery plant of the beer manufacturer uses up water equal to that required for 600,000 homes, pushing locals to desperate marginality."¹³

Such contractual promises to US distributors via MNCs manifest as the tacitly "allowed" abuse of resources, both environmentally and socially, with no functioning governance. The current control of extractive raw materials by the Global North is evidence of historic (and often inherited) colonial structures remaining intact, especially given the lack of equitable financial compensation to local populations engaged in debilitating working conditions or potentially dangerous resource extraction, such as in the case of Constellation Brand's extractive water use in a drought-stricken region.

1.6 Coffee and Economic Exploitation

"Ethiopia's 'Arabica' coffee is the biggest [coffee] export in Africa, (followed by) Uganda, Kenya,

Tanzania, and Cote d'Ivoire. It's said that...coffee farmers in Ethiopia sell up to four USD for a kilogram [kg] of coffee, while large coffee corporations make up to 200 USD for each kg of coffee. This means foreign investors like Starbucks make millions as a result of slave labor."¹⁴

Similarly, in Honduras, "children are paid 10 cents per pound of coffee picked, and growers receive less than one percent on average of what consumers pay for a cup of coffee."¹⁵

Environmental and human resource abuse by MNCs isn't a onetime accidental occurrence, and its impacts are multigenerational. Social and ecological degradation, too often inclusive of human rights violations and violence, resulting from MNCs' intentional developmental undertakings are a visceral reminder of neocolonialism's real and present frameworks.

1.7 Oil *Über Alles*: Villages, Livelihoods, Farmlands, and Water Resources

On June 11, 2023, the Shell Global-owned Trans Niger-Pipeline burst at Eleme in Rivers State, south Nigeria. According to an AP report published by Al Jazeera at the time, the "oil spill at a Shell facility... has contaminated farmland and a river, upending livelihoods in fishing and farming communities in the Niger Delta, which has long endured environmental pollution caused by the oil industry.

"The National Oil Spill Detection and Response Agency [NOSDRA] told the AP that the spill came from the Trans-Niger Pipeline operated by Shell that crosses through communities in the Eleme area of Ogoniland, a region where the London-based energy giant has faced decades-long local pushback for its oil exploration" and resultant pollution.

¹³ Will Biden End America's Exploitative Role in Latin America?

¹⁴ Neocolonialism: How Western Corporations Are Exploiting Africa.

¹⁵ Tamara Pearson. "Will Biden end America's exploitative role in Latin America?"

In the oil-rich region, where “over 40 million liters of crude oil is spilled annually,” this incident, in particular, was contained after a week, with Shell Global again attributing it to pipeline vandalism and the illegal tapping of crude (oil).¹⁶

Both land (soil) and water contamination from such spills is a continuously ongoing problem. When interviewed by CNN in 2019, then-thirty-two-year-old Yamaabana Legborsi recounted the lifelong presence of oil companies in Gokana in Ogoni, the most affected community in the region. “We could not play in the sand like other children; else you are covered in black crude. My mother was especially worried it was not safe, and so were other parents. We could not...eat the fishes that washed away from the river; you would see crude all around the water.”

For Legborsi, the situation has remained unchanged, “I cannot drink water from my borehole. You can perceive crude oil and kerosene [in the water]. Many of the residents here drink well water that is contaminated, too.”¹⁷ While the community has been able to prevent oil companies from using their land, the impact of previous companies remains despite cleanup promises.

Such cleanup commitments continue to be broken by MNCs, such as Shell Global, inclusive of its involvement in violence that isn’t just limited to the destruction of necessary resources but extends to entire regions as MNC activities provoke and sustain conflict.

In 2017, an Amnesty International report found that: “The evidence we have reviewed shows that Shell repeatedly encouraged the Nigerian military to deal with community protests, even when it knew the horrors this would lead to—unlawful killings, rape, torture, the burning of villages,” said Audrey Gaughran, Director of Global Issues.

1.8 Blood Diamonds? Yes. Still.

Conflict diamonds, aka “blood diamonds,” are legendarily infamous for their role in financing armed conflicts (hence the term) and subsequent displacement, including linkage to enslavement, human and sex trafficking, and the deaths of millions of people across [Angola](#), [Central African Republic](#), the [Democratic Republic of Congo](#), [Liberia](#), and [Sierra Leone](#).¹⁸

Global Witness was the first international organization to investigate and publicize the involvement of De Beers Group and its Central Selling Organization (CSO) in funding the Angolan conflict through their report, “A Rough Trade.” The organization outlines and timelines the De Beers diamond company and its conscious purchasing of diamonds from territory and traders controlled by UNITA (National Union for the Total Independence of Angola).

According to the 1994 Human Rights Watch Angola Report, “The De Beers diamond cartel and other international dealers are buying *[at that time]* gems mined in rebel-held areas in violation of Angolan law... De Beers admitted spending 500 million USD to buy legally and illegally mined diamonds originating in Angola in 1992 in open market transactions.”

Given that UNITA has controlled 60–70 percent of Angola’s total diamond production since 1992, these transactions earned them 3.7 billion USD in revenue to fund their conflict efforts. *Table 1* below outlines the yearly “social costs” from diamond sales.

¹⁶ Nigeria Oil Spill Inquiry.

¹⁷ Nigeria Oil Spill Inquiry.

¹⁸ Conflict Diamonds.

1997 Human Development Index Ranked Angola 157th Out of 175 Countries

Population Living in Absolute and Relative Poverty	82.5%
Infant Mortality Rate for Children under 5	320 per 1,000
Disabled Land Mine Victims	200,000
Life Expectancy*	42 years
Internally Displaced Persons*	1.2 Million
Population Without Access to Fresh Water*	53.9%
Population with Access to Health Care (UNICEF Estimates)	35%
People Requiring Food Aid	3.2 million
Rate of Illiteracy*	50.9%

(Source: UCAH)

* UNDP Human Development Report Angola 1997

The scale of this conflict-diamond funding gave the party sufficient power to essentially ignore the 1992 election results, thus avoiding adherence to the Lusaka Protocol, which was anticipated to end the war.

Throughout the conflict, De Beers asserted its innocence through phrasing such as “fair dealing and integrity” and “highest ethical standards,” along with the reemphasis of the company as a family business. Such rhetorical language became staples of annual reports and interviews.

Additionally, claims of being unable to identify Angolan diamonds and the involvement of intermediaries in these open market transactions further muddled the company’s involvement. Despite claims of naivete, De Beers contradicted themselves: “Indeed, in 1992 De Beers boasted ‘that we have been able to buy some two-thirds of the increased supply from Angola is testimony not only to our financial strength but to the infrastructure and experienced personnel we have in place.’”

In the chairman’s letter of their 1996 annual report, the company initially stated, “In Angola, we were able to commence only limited aerial exploration of our three prospecting areas. We hope that peace

will soon be restored, and so allow the full exploration program to proceed.” In the same report, the company later stated, “The increasing outflow of Angolan diamonds to the major cutting centers, much of which De Beers was able to purchase through its outside buying offices.”¹⁹

Amidst De Beers’s self-proclaimed contradictory enabling and shunning of UNITA, *table 1* presents the on-the-ground social conditions experienced by Angolans in 1997.

The company’s apparent complicity in the violence committed by UNITA and the indifference of Shell Global to the environmental ruin of local communities is an overt demonstration of the detachment MNCs have from the very human crises to which they appear to contribute. Bolstered by the vast physical (and cultural) distance between MNCs’ headquarters and host countries for their international operations, it is a detachment that verges on complete disregard.

1.9 Corporate Neocolonialism Alive and Well

This rather nouveau chapter of corporate Neocolonialism, as practiced by MNCs (often

¹⁹ Conflict Diamonds.

openly complicit with governments), results in actions taken by MNCs in the form of exploiting economic dependency (again, even when appearing as well-intentioned) and may also exist as contributory to events often resulting in both environmental degradation, as well as both social and governance destabilization.

In the context of the Angolan civil war and similar instances of MNCs capitalizing from and/or subsidizing conflict in the Global South, such as “a British corporation knowingly supplying Rwanda with arms to kill Tutsis, [and] a Dutch corporation selling raw materials to Saddam’s government for the production of chemical weapons to be deployed against the Kurds”²⁰ a question is raised of the extent of MNC involvement as it relates to its financially benefiting and without loss and damage accountability.

While MNC involvement in worker exploitation or human rights violations may be more visible, evident, and direct in the eyes of international law and labor standards, can MNCs and individual executives and shareholders also be held accountable for the crimes against humanity and war crimes committed during these conflicts?

1.10 A Modern Context for Slavery?

To further understand how MNCs are more explicitly culpable for violating international law and standards, the following are definitions of slavery and servitude, as outlined by the International Labor Organization (ILO):

- *Servitude* is the umbrella term with which the exploitation by MNCs against local populations can be defined; it is “that condition in which the work, service, or relationships of another person are not freely offered or, if voluntarily initiated,

cannot be left or refused, and are maintained under the threat of physical or psychological coercion, violence or some other penalty.”²¹

- *Slavery*, within this context, is defined as “that condition in which one or more individuals or organizations exercise complete control and possession of a person’s body, labor, capabilities and movement through the overt or threatened use of violence or other forms of coercion.”
- *Forced labor* is defined as “all those forms of servitude in which the exploitation of labor, sexual and non-sexual, for profit, is the primary motivation of the exploiter.”

It should be noted that slavery is distinct from circumstances where labor is offered due to extreme poverty, given that the “conditions of complete control, possession, and inability to leave are unmet.” According to the World Bank, this form of servitude is considered “consensual exploitation.”

Ultimately, “all slavery is forced labor or servitude, but not all servitude is slavery.”²² These distinctions must be made in order to determine whether the ICC potentially has the jurisdiction to take action on the grounds that MNCs and third parties are committing crimes of enslavement, torture, imprisonment, or other severe deprivation of physical liberty.

Footwear maker Nike Inc., in particular, has been at the forefront of forced labor accusations in China as members of China’s Uyghur ethnic minority are being used as forced labor in factories far from the so-called re-education camps that have held them for years in Xinjiang.

²⁰ Corporate Accountability: Prosecuting Corporations for the Commission of International Crimes of Atrocity.

²¹ GENED 1115 Notes.

²² GENED 1115 Notes.

As of January 2024, about six hundred workers from Xinjiang were employed at one of its largest suppliers: Qingdao Taekwang Shoes Co. Ltd., which produces more than seven million pairs of shoes for Nike annually, according to the Australian Strategic Policy Institute.

The workers, mainly young Uyghur women, were not working voluntarily and were additionally forced to attend night school to learn Mandarin and receive a “patriotic education.”

“Xinjiang aid,” created to continue Uyghur forced labor outside of Xinjiang, is a government policy through which even Uyghur workers in their teens are advertised by private middlemen and local governments: “The advantages of Xinjiang workers are: semi-military style management, can withstand hardship, no loss of personnel... Minimum order 100 workers!”²³

As of 2023, Nike stated that it doesn’t source products from China’s Xinjiang region following the release of the Australian Strategic Policy Institute’s report quoted above, and as of 2022, Nike confirmed that Taekwang Shoes would end its contracts with Uyghur workers and went on to conduct “an independent third-party audit [that] confirmed there are no longer any employees from [Xinjiang Uyghur Autonomous Region] at the facility”²⁴ but continued to work with the supplier.

In addition, the US Congress passed the Uyghur Forced Labor Prevention Act following the initial forced labor reports in 2020. The validity of Nike’s most recent audits is contentious given the audits’ inability to detect Uyghur’s forced labor previously, most likely due to the inability of Uyghur workers to provide information to auditors without consequence.



²³ Nike, Apple Linked to Forced Uighur Labor in China, Report Says.

²⁴ The China Challenge: The Stain of Forced Labor on Nike Shoes.



Part 2: How Can MNCs Do This?

The primary discussion of this paper is to address why and how MNCs are able to function as neocolonialist entities without being properly held accountable. The lack of enforcement of international and domestic laws, as well as the general perpetuation of colonial economic structures, have been the primary reasons.

For example, as of 2020, in the Ivory Coast, a journalist reported that “child labor is still profound on cocoa farms even after 20 years of pledging to eradicate child labor.” Because of this, brands such as Hershey, Mars, and Nestlé were unable to guarantee that any of their products were produced without child labor.²⁵ While the above-detailed acts of forced labor imposed on local populations *definitionally* satisfy modern slavery criteria and, therefore, should be under the jurisdiction of the ICC as a crime against humanity, the following legal gap prevents them from doing so:

As corporate entities, MNCs are outside the jurisdiction of ICC investigation because they aren’t considered individuals. With this stipulation, however, individual corporate officers can be held liable for corporate actions, thus allowing the corporation itself to avoid accountability. Additional legal gaps include “none of the UN complaint procedures related to human rights possess mandates to monitor the activities of corporations.”

Likewise, “regional human-rights courts also lack... jurisdiction over both corporate entities and individual corporate officers,” and domestic judicial mechanisms are also unable to act due to “a lack of action on the part of criminal prosecution and law enforcement bodies, significant legal uncertainty surrounding the scope of key liability concepts, unevenness in distribution and use of domestic remedial mechanisms, some political concerns over extraterritorial regulatory and enforcement issues and a general lack of international coordination and cooperation.”

Thus, as noted by Associate Justice Anthony Kennedy in the 2017 US Supreme Court decision in *Jesner v. Arab Bank*, “there is no specific, universal, and obligatory norm of corporate liability under prevailing international law.”²⁶

Continuing the comparison between British Empire trading companies and modern MNCs, it should be noted that joint stock companies such as the Virginia Company, chartered in 1606 and previously mentioned here, were “considered legal persons with an expectation of institutional permanence and perpetual succession.”²⁷ However, in the 2010 *Citizens United v. Federal Election Commission* case, the US Supreme Court held that corporations have Constitutional First Amendment rights, therefore granting them standing as individual persons.

The context of the case itself is as follows: “A conservative nonprofit group called Citizens United challenged campaign finance rules [governing political donations] after the FEC stopped it from promoting and airing a film criticizing presidential candidate Hillary Clinton too close to the presidential primaries.”²⁸ In a 5–4 majority decision the Supreme Court ruled that corporations and other outside groups were given the ability to spend money without limit, with the rationale being that “limiting independent political spending from corporations and other groups violates the First Amendment right to free speech.”²⁹

²⁵ Neocolonialism: How Western Corporations Are Exploiting Africa.

²⁶ Corporate Accountability: Prosecuting Corporations for the Commission of International Crimes of Atrocity.

²⁷ Trading Companies.

²⁸ Citizens United Explained.

²⁹ Citizens United Explained.

The court's decision on Citizens United established the precedent for corporations to be considered individuals and, therefore, under the jurisdiction of the ICC. It is necessary, however, for this precedent to become an international norm (customary international law) or be adopted in a treaty to be considered international law and, therefore, be applicable by the ICC.

2.1 MNC Accountability Challenge in the Digital Economy Era

Why, now, are solutions to this embodied in international law so necessary? And beyond justice and equity in the emerging and developing economies of the world, predominantly in the Global South?

Because in this accelerating digital transformation moment of the global economy, one characterized by its disruptive nature, the enabling technologies and know-how that enable this transition are overwhelmingly developed and owned by the wealthy Global North and exported to the developing Global South. Too often, emerging and developing economies are not fully able to protect their nation-state data sovereignty nor own fair economic and social participation in this era.

The dawning of artificial intelligence (AI) and related technologies will cause a massive global buildup of the data center and digital infrastructure sector. An AI-competent hyper-scale cloud computing and data storage facility can cost between 500 million USD and 3 billion USD to build, commission, and operate, with the bulk of the economic gain, yet again, going to the MNC investor-and-developer class in the industrialized Global North.

Likewise, these behemoths' demand for electric

power for countries unable to transition to clean energy at the velocity and scale required might well result in a new, next-generation neocolonialist environmental degradation, economic inequity, and social costs. The inequities of the "digital divide" magnified as both know-how and capital predominantly originate with the MNCs of Global North.

What kinds of solutions might end this historic cycle?

- Creating and enforcing domestic labor/employment laws, inclusive of education and skills training
- Fostering local innovation, entrepreneurship, and micro-finance
- Advancing UNSDG programs
- Reforming ESG policies of MNCs
- Training and education of MNC host regional and local leadership

While international law may be unable to hold corporations accountable, the preceding solutions outline some of the ways both domestic and international communities can mitigate forced labor and human exploitation, environmental destruction, social stress, and harm, as well as encourage the shift from neocolonial behaviors to paradigms of justice, equity, diversity, and inclusion (JEDI).

In "Global Goliaths," Emma Aisbett, Ann E. Harrison, David I. Levine, Jason Scorse, and Jed Silver discuss whether MNCs exploit foreign workers and introduce the following lenses of exploitation: consequentialist, unfair share, and violation of human rights.

- *Consequentialist* "considers whether workers would be better off had they not been employed by an MNC";

- *Unfair share* “occurs when profitable firms do not sufficiently share their profits with their employees” (as well as the countries and communities in which they operate);
- *Violation of human rights* categorizes “exploitation as a violation of human rights.”

In this context, human rights are defined as “limits on child labor, forced overtime, unsafe conditions, discrimination and violence against women.”

The distinction between the consequentialist and unfair-share/violation of human rights lenses is that “under the unfair-share or human rights approaches, a multinational can be said to exploit workers even when the job is better than most jobs at domestic employers.”³⁰

2.2 International Labor and Employment Conventions

In comparing MNCs to domestic industry, the authors suggest that an MNC’s origin country’s regulatory stance on labor rights will go a long way in determining whether workers in host countries are treated better or worse, stating, “It is reasonable to assume that a multinational based in Germany or Sweden, where labor rights are relatively strong, typically treats workers in poor countries more favorably than an MNC whose headquarters is in China or India, where labor rights are relatively weak.”

The authors continue this analysis by also stating that a country’s political or legal support of labor rights may not garner the same attitudes in the work environments themselves. For example, “Saudi Arabia and Kazakhstan agreed to respect core International Labor Organization [ILO] agreements, but few workplaces in Saudi Arabia avoid gender discrimination, and few in Kazakhstan permit free unions.”

Through a consequentialist approach, regardless of whether a country, host, or origin supports labor protections, the “on-the-ground” conditions may enable these protections to be neglected. “In short, most low-skilled workers in poorer nations receive low wages and have poor working conditions, regardless of the employer’s ownership.”³¹ Once again, the obstacle in protecting workers from both domestic and international exploitation is the lack of enforcement or the existence of domestic labor laws.

2.3 An Important Distinction: Labor Law vs. Employment Law

Any discussion regarding legal protections for workers must begin with the following distinction: “Employment laws govern the relationship between an employer and employee, while labor laws govern the relationship between an employer and labor union.”³²

Thus, in the context of labor laws, if neither host countries, labor suppliers, nor MNCs can be relied upon to abide by or adopt legal protections for workers, workers must turn to each other. Labor unions (formal or informal) act as an intermediary between labor suppliers and individual workers, existing (and acting) as a protective legal body in the place of government. However, bans on unions and challenges to the status quo in general leave workers isolated and vulnerable.

In 2019, “workers had [either] no or restricted access to justice in 72 percent of countries, with severe cases reported in Cambodia, China, Iran, and Zimbabwe... [meanwhile] the number of countries where workers experienced arbitrary arrests and detention rose from 59 in 2018 to 64 in 2019, with mass arrests seen in China, India, Turkey,

³⁰ Aisbett, Emma, Ann Harrison, Alix Levine, Jason Scorse, and David Silver. 2022. *Global Goliaths: Multinational Corporations in the 21st Century Economy*.

³¹ Aisbett, Emma, Ann Harrison, Alix Levine, Jason Scorse, and David Silver. *Global Goliaths: Multinational Corporations in the 21st Century Economy*.

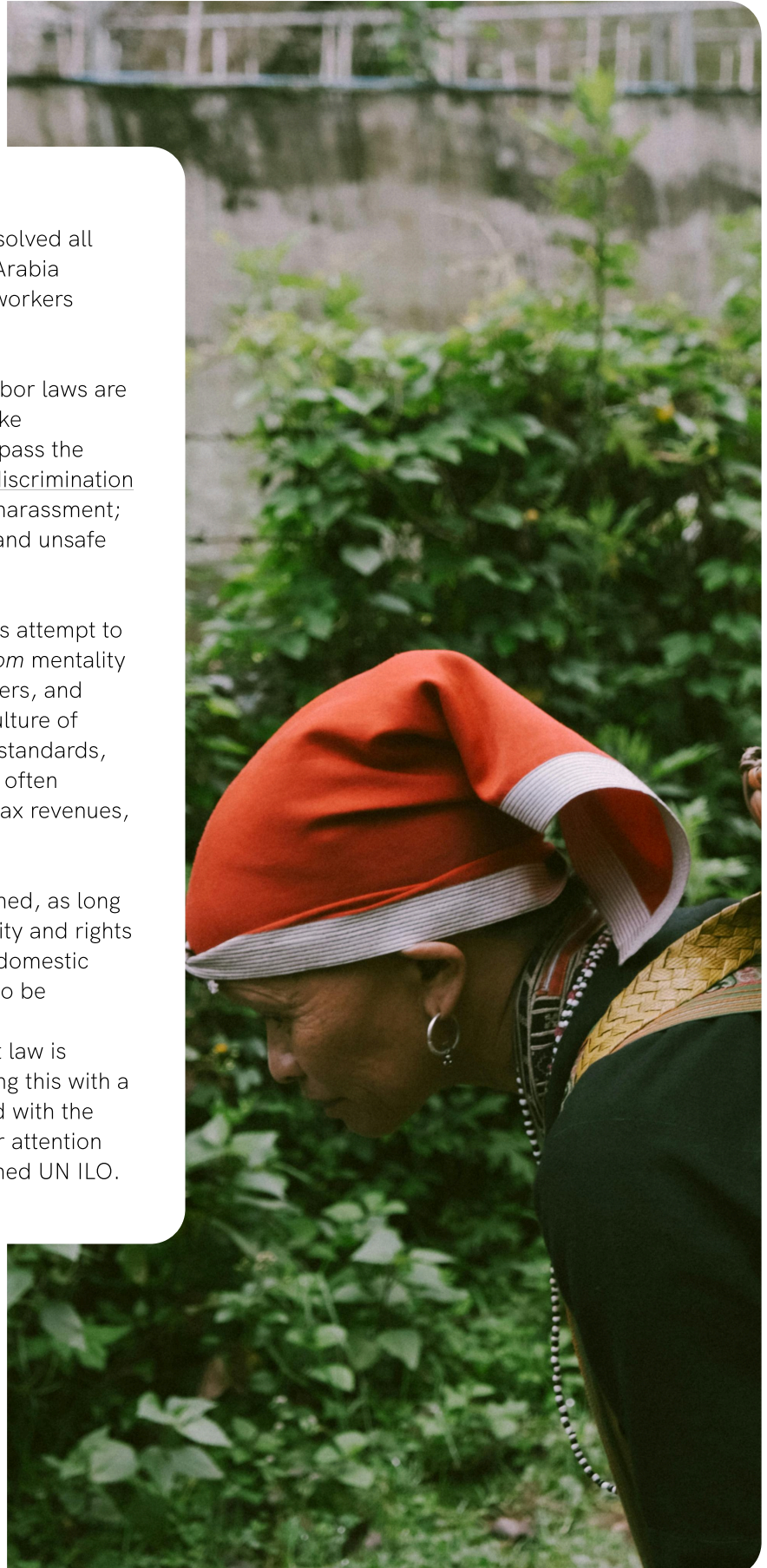
³² Mexico Labor Laws: A Comprehensive Overview.

and Vietnam.” For its part, “Egypt dissolved all independent labor unions, and Saudi Arabia continues to keep millions of migrant workers trapped in modern slavery.”³³

In countries where labor unions and labor laws are insubstantial, employment laws can take precedence. Employment laws encompass the protections from workplace or hiring discrimination due to race, gender, age, etc.; sexual harassment; wage disputes; wrongful termination; and unsafe work conditions.³⁴

While both labor and employment laws attempt to humanize workers, a *race-to-the-bottom* mentality adopted by governments, labor suppliers, and MNCs alike has created a pervasive culture of indifference in the workplace. Quality standards, worker safety, and labor costs are too often sacrificed in exchange for industry or tax revenues, especially in competitive markets.³⁵

With this norm of indifference entrenched, as long as profits take precedence, the humanity and rights of workers will be compromised, and domestic labor and employment law will cease to be effective. Ultimately, the authority and enforcement of labor and employment law is dependent on dismantling and replacing this with a more modern mindset most associated with the Global North. This may require greater attention and engagement with the aforementioned UN ILO.



³³ International Trade Union Confederation. ITUC Global Rights Index 2019.

³⁴ Employment Law vs. Labor Law.

³⁵ What Is the Race to the Bottom?



Part 3: The Way Ahead?

3.1 Money Always Talks Loudest

Monetary aid is the “obvious” solution to the issues impacting developing nations. However, it should be acknowledged that the presence of MNCs in the Global South as a source of “aid” has ultimately fostered and worsened the Global South’s economic dependence on the Global North, “neo-creating” systems of colonial-tendency power in the process. The following discussion addresses how local to international communities can address not only worker exploitation and enslavement but also take other forms of aid into consideration as a shorter-term solution.

World-renowned American economists Jeffrey Sachs and William Easterly have debated the most optimal ways to provide aid to developing countries, with Sachs developing the *Planner* approach and Easterly developing the *Searcher* approach.

- *Sachs’s Planner approach* is a top-down view of aid distribution where poverty in developing countries can be “alleviated” by donations from developed countries, with Sachs arguing, “If rich countries increased their foreign aid to roughly \$150 billion a year, the world could eliminate extreme poverty by 2025.”³⁶ Further, “aid flows are often small and unpredictable, while hundreds of small-scale aid projects eat up the time and attention of overstretched and impoverished governments.”³⁷ The *Planner approach* focuses on the “volume of foreign aid.”³⁸

- *Easterly’s Searcher approach*, in its avoidance of the repetition of outside colonial “intervention,” comes at the problem from the perspective of aid focused on localized and distributed solutions more tailored to the people and communities being impacted and emphasizing the *Searcher’s* ability to “adapt to local conditions” rather than try to force “ready-made” solutions created from outside local environments.

In conjunction with SDG 8, “the promotion of sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all,”³⁹ the bolstering of domestic industry by local populations themselves arises as a solution that ends up combining both Sachs’s and Easterly’s approaches.

In particular, local group lending and microfinance loans give “outsiders” the opportunity to accommodate local entrepreneurship while maintaining the cultural/social structures of the local community.

3.2 A Microlending Solution?

SKS Microfinance is a for-profit company that makes small loans to rural women across India, with women repaying their loans in weekly installments ranging from 20 USD to 250 USD. Although not directly from these local communities, SKS loan officers oversee social systems of “joint-liability,” where the women hold each other accountable for paying off the loan.

In comparison to borrowing from relatives/friends, loan sharks, and government-funded “self-help” groups, SKS has provided women with money borrowing and lending experiences without the risk of corruption or debt due to high interest rates; SKS interest rates are the lowest in the world among microfinance agencies at 19.5 percent.

³⁶ *Planners & Seekers*.

³⁷ *GENED 1011 Notes*.

³⁸ *Planners and Seekers*.

³⁹ Goal 8: Decent Work and Economic Growth.

The existence of such domestic microfinance agencies is a model that can be adopted by the larger international community, especially those in the nonprofit sector, as a method of targeted aid that not only provides monetary assistance but, in the process, will encourage the development of independent economic infrastructure.⁴⁰

3.3 A New Task for Blockchain's Promise for the Unbanked?

"A new wave of fintech startups believe blockchain can help microfinance deliver on lofty promises. Billed as a silver bullet that could lift the poor out of poverty since the mid-2000s, microfinance, or the use of small loans to boost the unbanked, has failed to take off for various reasons—namely, a lack of transparency and the existence of middlemen that blockchain is said to eliminate" (Coindesk, Stanley 2021).

3.4 India's G20 Agenda

India's G20 Agenda mirrors the sentiment of building a domestic industrial economy with an articulated focus of "One Earth, One Family, One Future,"⁴¹ upholding a foundational principle of valuing all life and its contribution to Planet Earth and the wider universe. India's G20 priorities include the following:

- 1. Green Development, Climate Finance, and LiFE:** Introduction of the LiFE (*Living Intentionally for Excellence*) movement, which promotes environmentally conscious practices. And is based on India's sustainability traditions. It's fundamentally a circular or "doughnut" economy approach to economic and ESG development.

- 2. Accelerated, Inclusive & Resilient Growth:**

Focus on areas that have the potential to bring structural transformation, including supporting small and medium-sized enterprises in global trade, promoting labor rights and welfare, addressing the global skills gap, and building inclusive agricultural value chains and food systems.

- 3. Accelerating Progress on SDGs:** Recommitment to achieving the targets set out in the 2030 Agenda for Sustainable Development, focusing on addressing the impact of the COVID-19 pandemic.

- 4. Multilateral Institutions for the Twenty-First Century:** Efforts to reform multilateralism and create a more accountable, inclusive, and representative international system fit for addressing twenty-first-century challenges.⁴²



⁴⁰ GENED 1011 Notes.

⁴¹ G20 Leaders' Summit 2023.

⁴² G20 India 2023.

The Group of Twenty (G20) is the premier forum for international economic cooperation. It plays an important role in shaping and strengthening global architecture and governance on all major international economic issues. Under its umbrella are eight critical topical groups. The context of this chapter, which relates to economic development matters, is Business 20 and Startup 20 Engagement Groups.

1. Business20 Task Forces/Action Councils and Objectives

a. Financial Inclusion for Economic

Empowerment: “The gaps in financial inclusion have widened post-pandemic, especially for developing and least developing countries, as well as for micro, small and medium-sized enterprises. Developing a framework for financial inclusion to create the right environment for innovation in the financial sector while ensuring protection for both businesses and customers in light of the emerging regulatory challenges pertaining to digital finance is imperative.”⁴³

b. ESG in Business: “In view of the growing significance of the industry to adhere to... environmental, social and governance [ESG] standards, support...the adoption of ESG in business operations must be promoted.”⁴⁴

c. Inclusive Global Value Chains (GVCs) for Resilient... Trade and Investment: “Recent developments in the global arena have accentuated the vulnerabilities of supply chains and highlighted the imperative for a smooth and efficient flow of goods and services that is impervious to...disruptions.... The development mission, particularly for least-developed countries that are most at risk with limited access to critical assets, must aim at building...resilience to structural economic shocks arising from supply chain

disruptions. Nations must focus on ensuring that trade and integration into global value chains acts as a potent instrument of growth for all countries.”⁴⁵

2. Startup 20 Task Forces and Objectives:

- a. Finance:** “Increase access to capital for startups by providing financing and investment platforms specifically for early-stage startups; *broaden* the array of financial instruments available to startups; *create* pitching and networking opportunities for startups with the global investor community; *build* suggestive frameworks that could be implemented in emerging ecosystems for building investment capabilities; *provide* a framework built upon best practices for global investors to fund startups across G20 member nations.”⁴⁶
- b. Foundation & Alliances:** “Harmonize the global startup ecosystem through consensus-based definitions; *promote* a global community of knowledge sharing among the startup ecosystems; *bridge* the knowledge gap between the startup ecosystems of G20 member countries and emerging economies through partnerships.”⁴⁷
- c. Inclusion & Sustainability:** “Increase support for women-led startups and organizations; *Promote* startups working on making communities more inclusive; *enable* more investors to invest responsibly in startups built upon sustainable practices; *encourage* mentorship support to the startup ecosystems of the G20 member countries and emerging economies; *promote* startups working on SDGs in areas of global interest.”⁴⁸

⁴³ B20 India 2023: Priorities.

⁴⁴ B20 India 2023: ESG in Business.

⁴⁵ B20 India 2023: Inclusive GVCs for Resilient Global Trade and Investment.

⁴⁶ Startup20 India 2023: Finance.

⁴⁷ Startup20 India 2023: Foundation Alliances.

⁴⁸ Startup 20 India 2023: Inclusion Sustainability.

India's G20 agenda upholds sustainability as the foundation of the financial efforts outlined by the Business20 and Startup20 Engagement Groups. In accordance with the LiFE movement, sustainability practices extend from the individual to the international community, emphasizing that these practices are attainable not only for the Global North and the G20 countries but also for the Global South and developing countries through partnership. In conjunction with sustainable development, meeting SDGs goals is an overall priority of the India G20 and is incorporated into business and startup initiatives. The shift from profit to inclusivity and acknowledgment of planet Earth as the focus of development fosters the creation of a more human-centered economic infrastructure.

The transition from MNC-reliant economic systems in the Global South to ones that are diversified and inclusive of, if not significantly reliant upon, domestic industry begins with strengthening the existing infrastructure to benefit the local populations who provide the workforces for MNCs.

The enhancement and protection of supply chains and workers' rights will provide necessary financial and social mobility to participate in domestic, regional, and global markets. Shifting to human-centered economic infrastructures will require viewing laborers in equal standing as labor suppliers and those within the MNC hierarchy and the perspective of workers as contributors to both local and global economies rather than as a means to amass wealth.

The perspective of the developing world, in general, is that more than resources are to be controlled, whether that be labor or extractive raw material, it will be realized as developing countries become more economically self-reliant and diverse, namely through entrepreneurship, as discussed above.

The Global North's advocacy for independent and cooperatively/collaboratively controlled or self-controlled industry in the Global South provides targeted and effective aid addressing issues according to local populations' needs and innovation initiatives.

3.5 The End of Neocolonialism Demands a New Worldview Paradigm

The partnership between the Global North and South in the education, investment, and mentorship of startups directly counteracts the myopia of neocolonial practices, especially the highly prevalent view of the Global South and its residents as needing to be "saved" by the Global North.

While domestic industry can be developed through local populations with financial access, it remains crucial for those who are still dependent on MNCs and the Global North for employment opportunities to be protected from exploitation. While the host and labor-supplying countries take responsibility for workers' rights and protections through the conception and enforcement of employment and labor laws, MNCs and respective labor organizations, audits, and clauses must take accountability through corporate governance, policy, and regulatory rules.

Organizations and principles such as the previously mentioned ILO, the OECD, and the UN Guiding Principles on Business and Human Rights serve as premises for the third-party organizations and clauses directly monitoring the behavior of corporations, including NGOs, such as the Fair Labor Association (FLA), Global Social Compliance and Worldwide Responsible Apparel Production and clauses such as Model Contract Clauses (MCCs) and Corporate Social Responsibility (CSR) clauses.

While these regulatory frameworks and bodies all exist, the question remains: why are such “social audit mechanisms” not transparent and effective in mitigating neocolonialist exploitation in the twenty-first century?

As of 2009, the mechanisms conducted by the frameworks listed above have been unable to thoroughly combat poor labor standards due to the degree of separation between multi- and transnational corporations and their “on-the-ground” environments, pressures from consumers and commercial customers, and the disproportionate gap between the number of industrial workplaces and available monitoring agents or enforceable reporting requirements.

Initially, in-house labor and employment code monitors functioned as the bridge between MNCs and labor suppliers. However, distance and inconsistency furthered the unreliability of reports and required additional third-party examination by NGOs. Despite these additional regulatory or advisory parties, the structure of industrial workplaces, specifically their fast-paced and extensive nature, the impact has been limited.

Once again, the *race-to-the-bottom* avoidance philosophy, amplified by customer demands, has “justified” the sacrifice of labor standards. “Manufacturers’ ability to hire and fire flexibly, to force excessive overtime and speedups, and to pay low-wage rates (*or not pay at all*) are intrinsic to competition over low-profit margins in supply chains driven largely by Global North buyers.

Using modern inventory tracking technologies, such as bar codes, QR codes, and other monitoring and control mechanisms, retailers manage inventory fluctuations through often smaller, just-in-time ordering from manufacturers, thereby pressuring their contracted suppliers to impose excessive overtime and non-standard employment practices.

The fast-paced nature of workshops also exists beyond means of production, being applicable to how laborers themselves are viewed, given that “the limits on code monitoring capacities in the garment industry are multiplied by the high incidence of short-term employment contracts and high supplier turnover.” Short-term contracts and high supplier turnover maintain the outlook of humans as dispensable and create difficulties with tracking patterns of exploitation across labor supply chains as workers are being frequently replaced.⁴⁹

The impact of consumer/customer demands on employment practices is multiplied when the number of factories and workshops is taken into account. As of 2009, “in the global apparel industry alone, there are 200,000 to 300,000 factories, and up to a million small workshops. “Furthermore, the major retailers whose supply chains are the main focus of codes of conduct in the global apparel industry represent a small proportion of total global garment sales.” With growing accessibility to online shopping, especially through fast-fashion brands such as Shein and Amazon, consumerism has only skyrocketed these values, thus skewing the proportion of factories to monitor even more.⁵⁰

As suggested by the “Working Group to Draft Model Contract Clauses [MCCs] to Protect Human Rights in International Supply Chains, American Bar Association Section of Business Law,” consumers must also take accountability for their role in exacerbating violations in labor standards, given that the fulfillment of increasing demands will nearly always take precedence over worker rights, as discussed above, unless there are transparent monitoring of employment and labor regulatory codes. They explain, “Human rights violations at the supplier level are often rooted in the buyers’ own purchasing practices, particularly by timing

⁴⁹ Corporate Social Responsibility and Environmental Management.

⁵⁰ Corporate Social Responsibility and Environmental Management.

demands, pricing pressures, and last-minute order changes and modifications, as well as a lack of due diligence—turning a blind eye—to human rights issues.”

The working group presents MCCs 2.0 as a means of necessitating the protection of laborers, establishing a “contractual responsibility” for both buyers and suppliers to recognize and uphold the human rights of workers. “In these revised clauses, buyers commit to responsible purchasing practices while suppliers commit to responsible and ethical management of their workforce and their sub-suppliers. Crucially, both buyers and suppliers are required to engage in “human rights due diligence.”⁵¹

Author’s note: *do you trust Amazon and its peers to safeguard the labor and employment rights of their fast-fashion suppliers? What about Chinese-owned TEMU? What mechanisms do you think might be able to alter the buying behaviors of American teenage consumers of fast-fashion apparel? Social media influencers on TikTok?*

While revisions to regulatory clauses are one aspect of the solution, given that the upholding of the rights of workers is made obligatory, once again, the enforcement of these changes is the deciding factor in the overall efficacy of MNC regulation.

3.6 Strong ESG policy: the path forward?

Environmental, social, and governance (ESG) “is a framework used to assess an organization’s business practices and performance on various sustainability and ethical issues.”⁵² The following table outlines the matters each facet of ESG entails:⁵³

Environmental

- Energy usage and efficiency
- Climate change strategy
- Waste reduction
- Biodiversity loss
- Greenhouse gas emissions
- Carbon footprint reduction

Social

- Fair pay and living wages
- Equal employment opportunity
- Employee benefits
- Workplace health and safety
- Community engagement
- Responsible supply chain partnerships
- Adhering to labor laws

Governance

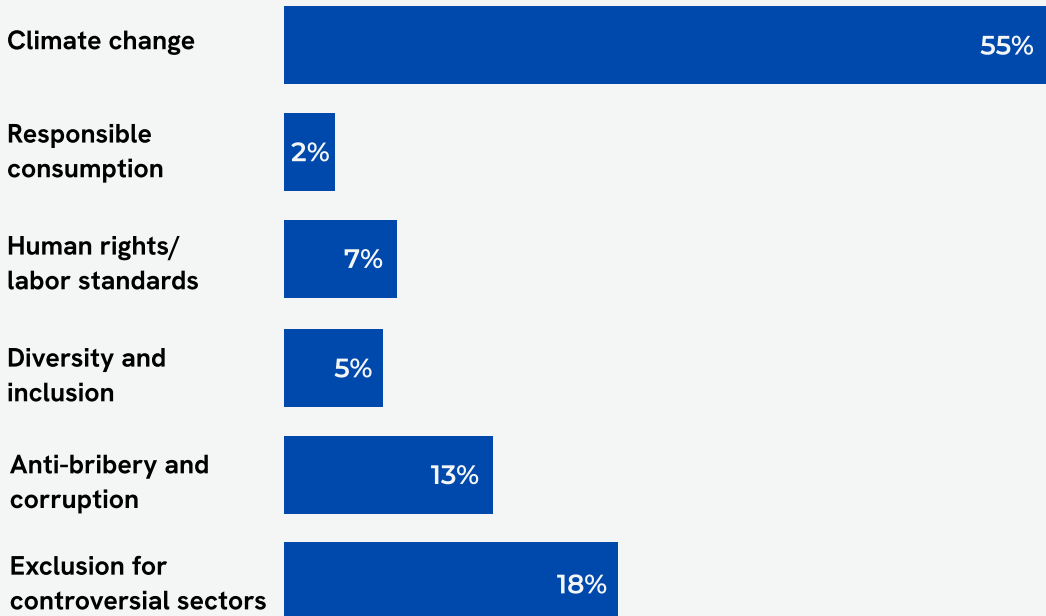
- Corporate governance
- Risk management
- Compliance
- Ethical business practices
- Avoiding conflicts of interest
- Accounting integrity and transparency

Among the three facets of ESG, social is the least addressed. A 2021 ESG Survey Report was conducted by Macquarie Asset Management, a unit of the MNC, Macquarie Group, Sydney, Australia. In the survey, it was found that responsible consumption, human rights/labor standards, and diversity and inclusion were the areas least prioritized by corporations, as shown in the survey below:⁵⁴

⁵¹ Model Contract Clauses to Protect Human Rights in International Supply Chains.
⁵² & ⁵³ Environmental, Social, and Governance [ESG].

⁵⁴ MAM ESG Survey Report 2021.

When considering ESG, which of the following areas does your organisation currently prioritize the highest?



Corporations' consideration of ESG standards raises the question of what motivates them to improve these modern business practices. While altruism may be involved in corporations' decision to adopt robust ESG frameworks, profits always recur as a primary motivator, given that investment funds increasingly use ESG standards to help guide whether a corporation/business should be a qualified fund investment.

The social facet of ESG comprises matters discussed throughout the chapter, which were ultimately exchanged to maximize financial gain. To "encourage" corporations to consider ESG standards, the monetary reward for change must be understood to be greater than the financial gains (and business risk) for neglecting human and workers' rights and actively perpetuating their exploitation.

With greater emphasis on workers' rights and protections within the international business community, particularly on the part of investors, corporations may become more involved in self-regulation, ensuring that labor standards are being met, regardless of distance from the host country or the magnitude of supply chains.

It was an old story that was no longer true... Truth can go out of stories, you know. What was true becomes meaningless, even a lie, because the truth has gone into another story. The water of the spring rises in another place.

—Ursula K. Le Guin (p. 145)

We cry shame on the feudal baron who forbade the peasant to turn a clod of earth unless he surrendered to his lord a fourth of his crop. We call those the barbarous times. But if the forms have changed, the relations have remained the same, and the worker is forced, under the name of free contract, to accept feudal obligations. For, turn where he will, he can find no better conditions. Everything has become private property, and he must accept or die of hunger.

—Peter Kropotkin

Authors and Contributors

Lead Author

Jaya Samuel
Fellow, The Digital Economist

Co-Authors

Dr. Shruti Shankar Gaur
Senior Fellow, The Digital Economist

Oluneye Oluwole
Senior Fellow, The Digital Economist

Marie Shabaya
Senior Fellow, The Digital Economist

Editors

Bruce Armstrong Taylor
Chair, Sustainability Workgroup
Senior Fellow, The Digital Economist

Ayushman Harlalka
Editor, The Digital Economist

Contributors

Navroop Sahdev
Founder and CEO, The Digital Economist
Connection Science Fellow, MIT

Anish Beeram
Fellow, The Digital Economist

Chetana Naskar, PhD
Fellow, The Digital Economist

Divya Beeram
Intern, The Digital Economist

References

1. Nkrumah, Kwame. 1965. Neocolonialism: The Last Stage of Imperialism. London: Thomas Nelson & Sons. <https://www.abibitumi.com/wp-content/uploads/ppMigration/42994=1853-NeocolonialismThe-Last-Stage-of-Imperialism.pdf>.
2. "Multinational Corporations in Developing Countries." 2024. The Borgen Project. Accessed September 13. <https://borgenproject.org/multinational-corporations-in-developing-countries/>; "Superbrands, Globalization, and Neoliberalism: Exploring Causes and Consequences of the Nike Superbrand." 2010. Inquiries Journal 2 (6). <http://www.inquiriesjournal.com/articles/604/2/superbrands-globalization-and-neoliberalism-exploring-causes-and-consequences-of-the-nike-superbrand>; International Labour Organization. Global Employment Trends 2013: Recovering from a Second Jobs Dip. Geneva: International Labour Office. 2013. https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_187420.pdf.
3. "Trading Companies." 2024. Encyclopedia.com. Accessed September 13. <https://www.encyclopedia.com/history/modern-europe/british-and-irish-history/trading-companies>.
4. "Honduras Private Charter Cities." 2023. Democracy Now! June 28. https://www.democracynow.org/2023/6/28/honduras_private_charter_cities.
5. "Honduras: Zonas de Empleo y Desarrollo Económico (ZEDE) y sus Impactos en los Derechos Humanos." 2024. Business & Human Rights Resource Centre. Accessed September 13. <https://www.business-humanrights.org/en/latest-news/honduras-zonas-de-empleo-y-desarrollo-econ%C3%B3mico-zede-y-sus-impactos-en-los-derechos-humanos/>.
6. "Honduras Private Charter Cities."
7. "Honduras Private Charter Cities."
8. "Customary Law." 2024. International Committee of the Red Cross. Accessed September 13. <https://www.icrc.org/en/war-and-law/treaties-customary-law/customary-law>.
9. GOV 1740 Notes.
10. "The Rome Statute and the International Criminal Court: Factsheet." 2024. Institute of International and European Affairs. Accessed September 13. <https://www.iiea.com/blog/the-rome-statute-and-the-international-criminal-court-factsheet>.
11. "The Rome Statute and the International Criminal Court: Factsheet." 2020. Journal of International Law and Politics 52 (2): 1–30. https://www.journals.uchicago.edu/doi/pdf/10.1086/708338?casa_token=URkgHLEECuQAAAAA:jZkqIKPPycp6TJbyIHJgJ2-4bpW8GkRjolq7IOUFIUtRtxEj2V8l_rfBmCinLrWCg25_YIYjWiy.
12. "China's Role in Global Governance." 2022. Global Times. July. <https://www.globaltimes.cn/page/202207/1269931.shtml>.
13. "Will Biden End America's Exploitative Role in Latin America?" 2021. TRT World. January. <https://www.trtworld.com/opinion/will-biden-end-america-s-exploitative-role-in-latin-america-45417>.

14. "Neocolonialism: How Western Corporations Are Exploiting Africa." 2021. Medium. January. <https://medium.com/illumination/neocolonialism-how-western-corporations-are-exploiting-africa-d0e197af1950>.
15. Tamara Pearson. "Will Biden end America's exploitative role in Latin America?" <https://www.trtworld.com/opinion/will-biden-end-america-s-exploitative-role-in-latin-america-45417>.
16. "Nigeria Oil Spill Inquiry." 2019. CNN. March 26. <https://www.cnn.com/2019/03/26/africa/nigeria-oil-spill-inquiry-intl/index.html>.
17. "Nigeria Oil Spill Inquiry."
18. "Conflict Diamonds." Global Witness. 2024. Accessed September 13. <https://www.globalwitness.org/en/campaigns/conflict-diamonds/>.
19. "Conflict Diamonds."
20. "Corporate Accountability: Prosecuting Corporations for the Commission of International Crimes of Atrocity." 2024. New York University Journal of International Law and Politics. Accessed September 13. <https://www.nyujilp.org/corporate-accountability-prosecuting-corporations-for-the-commission-of-international-crimes-of-atrocity/#FN4>.
21. GENED 1115 Notes.
22. GENED 1115 Notes.
23. "Nike, Apple Linked to Forced Uighur Labor in China, Report Says." 2020. Quartz. March. <https://qz.com/1811305/nike-apple-linked-to-forced-uighur-labor-in-china-report-says>.
24. "The China Challenge: The Stain of Forced Labor on Nike Shoes." 2022. Discourse Magazine. January 5. <https://www.discoursemagazine.com/economics/2022/01/05/the-china-challenge-the-stain-of-forced-labor-on-nike-shoes/>.
25. "Neocolonialism: How Western Corporations Are Exploiting Africa."
26. "Corporate Accountability: Prosecuting Corporations for the Commission of International Crimes of Atrocity."
27. "Trading Companies."
28. "Citizens United Explained." 2024. Brennan Center for Justice. Accessed September 13. <https://www.brennancenter.org/our-work/research-reports/citizens-united-explained>
29. "Citizens United Explained."
30. [1]. Aisbett, Emma, Ann Harrison, Alix Levine, Jason Scorse, and David Silver. 2022. "Global Goliaths: Multinational Corporations in the 21st Century Economy." Berkeley: University of California Press. https://haas.berkeley.edu/wp-content/uploads/Global_Goliaths_7_Aisbett-Harrison-Levine-Scorse-Silver_2p_hc.pdf.
31. Aisbett, Emma, Ann Harrison, Alix Levine, Jason Scorse, and David Silver. "Global Goliaths: Multinational Corporations in the 21st Century Economy."

32. "Mexico Labor Laws: A Comprehensive Overview." 2024. Oyster HR. Accessed September 13. <https://www.oysterhr.com/library/mexico-labor-laws-a-comprehensive-overview>.
33. International Trade Union Confederation. ITUC Global Rights Index 2019. 2019. Brussels: ITUC. <https://www.ituc-csi.org/IMG/pdf/2019-06-ituc-global-rights-index-2019-report-en-2.pdf>.
34. "Employment Law vs. Labor Law." 2024. The Brown Firm. Accessed September 13. <https://www.brownfirmpllc.com/employment-law-vs-labor-law/>.
35. "What Is the Race to the Bottom?" [https://www.investopedia.com/terms/r/race-bottom.asp#:~:text=The%20race%20to%20the%20bottom%20refers%20to%20a%20competitive%20situation,\)%2C%20or%20reducing%20labor%20costs](https://www.investopedia.com/terms/r/race-bottom.asp#:~:text=The%20race%20to%20the%20bottom%20refers%20to%20a%20competitive%20situation,)%2C%20or%20reducing%20labor%20costs).
36. "Planners & Seekers." 2006. Carnegie Endowment for International Peace, June 1. <https://carnegieendowment.org/2006/06/01/planners-seekers-pub-18474>
37. GENED 1011 Notes.
38. "Planners and Seekers."
39. "Goal 8: Decent Work and Economic Growth." 2024. United Nations Sustainable Development Goals. Accessed September 13. <https://sdgs.un.org/goals/goal8>.
40. GENED 1011 Notes.
41. "G20 Leaders' Summit 2023." 2024. International Institute for Sustainable Development. Accessed September 13. <https://sdg.iisd.org/events/g20-leaders-summit-2023/#:~:text=Under%20the%20Indian%20Presidency%2C%20the,and%20in%20the%20wider%20universe>.
42. "G20 India 2023." 2024. Ministry of Earth Sciences, Government of India. Accessed September 13. https://moes.gov.in/g20-india-2023/moes-g20?language_content_entity=en.
43. "B20 India 2023: Priorities." 2024. Accessed September 13. <https://www.b20india2023.org/PrioritiesTabSeven>
44. "B20 India 2023: ESG in Business." <https://www.b20india2023.org/PrioritiesTabEight>.
45. "B20 India 2023: Inclusive GVCs for Resilient Global Trade and Investment." <https://www.b20india2023.org/PrioritiesTabFirst>.
46. "Startup20 India 2023: Finance." Startup20 India 2023. Accessed September 13, 2024. <https://www.startup20india2023.org/finance>.
47. "Startup20 India 2023: Foundation Alliances." Startup20 India 2023. Accessed September 13, 2024. <https://www.startup20india2023.org/foundation-alliances>.
48. "Startup 20 India 2023: Inclusion Sustainability." <https://www.startup20india2023.org/inclusion-sustainability>.

49. "Corporate Social Responsibility and Environmental Management." 2009. Journal of Business Ethics 85 (3): 403–421. https://www.jstor.org/stable/pdf/40388134.pdf?refreqid=excelsior%3A796dbf10aaefedd96bd7020f93c695ce&ab_segments=&origin=&initiator=&acceptTC=1.
50. "Corporate Social Responsibility and Environmental Management."
51. "Model Contract Clauses to Protect Human Rights in International Supply Chains." 2024. American Bar Association. Accessed September 13. https://www.americanbar.org/content/dam/aba/administrative/human_rights/contractual-clauses-project/mccs-full-report.pdf.
52. "Environmental, Social, and Governance [ESG]." 2024. TechTarget. Accessed September 13. [https://www.techtarget.com/whatis/definition/environmental-social-and-governance-ESG#:~:text=Environmental%2C%20social%20and%20governance%20\(ESG\)%20is%20a%20framework%20used,and%20opportunities%20in%20those%20areas](https://www.techtarget.com/whatis/definition/environmental-social-and-governance-ESG#:~:text=Environmental%2C%20social%20and%20governance%20(ESG)%20is%20a%20framework%20used,and%20opportunities%20in%20those%20areas).
53. "Environmental, Social, and Governance [ESG]." [https://www.techtarget.com/whatis/definition/environmental-social-and-governance-ESG#:~:text=Environmental%2C%20social%20and%20governance%20\(ESG\)%20is%20a%20framework%20used,and%20opportunities%20in%20those%20areas](https://www.techtarget.com/whatis/definition/environmental-social-and-governance-ESG#:~:text=Environmental%2C%20social%20and%20governance%20(ESG)%20is%20a%20framework%20used,and%20opportunities%20in%20those%20areas).
54. "MAM ESG Survey Report 2021." 2024. Mira Funds. Accessed September 13. <https://www.mirafunds.com/assets/mira/our-approach/sustainability/mam-esg-survey/mam-2021-esg-survey-report.pdf>.