



Facultad
Latinoamericana de
Ciencias Sociales.
Sede Argentina.

Área de Ética,
Derechos y Bienes
Públicos Globales.

GLOBAL STUDIES PROGRAMME

GLOBAL ECONOMY & SOCIETY (PART II)

“Global and regional dynamics on transnational corporations: understanding corporate capture”

Course Syllabus 2024

PROFESSOR | VICTORIA MUTTI (vmutti@flacso.org.ar)

DATES AND TIME |

Wednesdays from 9 October to 27 November, 10 – 12 Argentina (GMT-3)

CREDIT HOURS (total) | 15 hours

1. INTRODUCTION

During the last decades we have witnessed the power concentration of transnational corporations (TNCs) at a global scale. At the head of a new paradigm of international economic relations, these companies came to control the bulk of the world trade and global economy. In this growth, the overlapping of national regulations and the proliferation of bilateral and mega-regional trade and investment agreements have played an important role. While corporate interests are increasingly protected under the umbrella of hundreds of investment and trade rules human rights are usually jeopardized. The corporate capture has shown effects that range from the erosion of national tax bases and the proliferation of illicit financial flows (IFF) to flagrant violations of social, labor and environmental rights. Although different mechanisms were developed to mitigate these impacts, they are not enough or have not always received effective compliance. The impunity around corporate practices not only conspires against a sustainable development but also undermines legitimacy of democracies and gives rise to a sort of *post-democracy* fueled by social skepticism and intolerable levels of inequality. The corporate capture acquires even greater relevance when we consider TNCs’ capacity of lobbyism, retaliation, corruption or use of revolving doors, with the resulting discredit of the politics, asymmetry of power and democratic deficits. In this framework, aside from offering theoretical and analytical inputs, the objective of this seminar is to

provide information and documentation for a comprehensive understanding of the corporate capture phenomenon throughout three main analytic pillars: democracy, human rights and tax justice. The purpose is to recognize the different ways the corporate capture harms development and democratic perspectives –mainly in the countries of the South– and to identify policies and mechanisms to mitigate them. In this sense, as regards human rights, the initiatives to get an international binding framework to regulate the activities of TNCs are particularly considered. Concerning tax matters, the challenges to reform the international corporate taxation regime are specially analyzed. Besides the role played by intergovernmental organizations and States, the work done by political parties, trade unions, civil society organizations and international networks is also emphasized.

a. Course axes

- A multidimensional corporate capture approach.
- TNCs and the International Trade and Investment Regime.
- Human, labor and environmental rights and the challenges for the international human rights law.
- Tax justice and the reform of the international corporate tax regime.
- Political capture: lobbying, revolving doors and corruption.
- Alternatives to counter-balance corporate capture.

b. Objectives

- Providing students with an analytical framework to understand the corporate capture phenomenon from a comprehensive and multidimensional perspective.
- Identifying economic, social, ecological and political effects of corporate strategies and its impacts on development and democracy.
- Exploring political and regulatory solutions to protect human, labor and environmental rights, and to promote fair taxation and democracy.
- Recognizing the alternatives to dismantle corporate capture and to promote stronger democratic controls over TNCs' activities.

c. Structure

Introduction

Presentation of the syllabus. Key concepts, key discussions and analytic pillars.
The importance of building a multidimensional corporate capture approach.
Corporate influence at national, regional and global level.

Part 1 – TNCs and the International Trade and Investment Regime (ITIR)

- 1.1. Corporate Capture and the role played by the international trade and investment regime.
- 1.2. The ITIR's impacts on the countries of the South. The case of Argentina.
- 1.3. The ITIR and the financial nexus.

Part 2 – Business and Human Rights

2.1. TNCs and violations of economic, social, cultural, environmental and health rights. The *Lex mercatoria* and the “architecture of impunity”.

2.2. Guiding principles on business and human rights. State national action plans (NAPs) and processes underway.

2.3. Perspectives for an international legally binding instrument to regulate the activities of TNCs.

Part 3.1 – Tax Justice and International Corporate Taxation

3.1. Taxation of TNCs. Tax evasion and avoidance. Transfer pricing. The race to the bottom. Illicit financial flows. Tax havens and global scandals.

3.2. The reform of international corporate taxation. The discussion around a better global tax framework.

3.3. The role of civil society organizations, independent consortiums and networks.

Part 3.2 – Tax challenges derived from digitalization (Big Tech) and the globalization

**Guest lecturer: Verónica Grondona*

Part 4 - Democracy and Political capture

4.1. Corporate state capture and its variations. Lobbyism, corruption, revolving doors, political party funding and technocracy.

4.2. The power of mass media and digital giants.

4.3. Multistakeholderism and the challenges to multilateralism.

Part 5 – Alternatives and resistances

5.1. Strategies to promote stronger democratic controls over TNCs.

5.2. Options for limiting corporate dominance over global governance. The role played by international institutions.

5.3. Resistance, regulation and alternatives to dismantle corporate capture. Governments, social movements and grassroots organizations.

2. COURSE REQUIREMENTS

The final grade of the entire module “Global Economy and Society” will be composed of:

- A common final paper according to the guidelines (60%)
- A group task per each seminar (30%)
- Participation in classes (10%)

Attendance: 80% is encouraged and justified absences are considered in an integral manner.

3. SCHEDULE AND BIBLIOGRAPHY

Class 09/10 - Introduction

Fichter, Michael (2014), “Recasting the Die. Towards strengthening democratic control of the power of

transnational corporations”, Friedrich-Ebert-Stiftung (FES), Germany.
<http://library.fes.de/pdf-files/iez/global/11126.pdf>

George, Susan (2014), “State of corporations: the rise of illegitimate power and the threat to democracy”, Transnational Institute (TNI), February.
https://www.tni.org/files/download/state_of_corporation_chapter.pdf

Guamán, Adoración (2020), “The corporate architecture of impunity. Lex Mercatoria, market authoritarianism and popular resistance”, State of Power 2020, TNI, January.
<https://longreads.tni.org/architecture-of-impunity>

Class 23/10 – The International Trade and Investment Regime (ITIR)

Eberhardt, P. and Olivet, C. (2020) “Silent Expansion. Will the world’s most dangerous investment treaty take the global south hostage?”, CEO/TNI.
<https://corporateeurope.org/sites/default/files/2020-06/ECT%20Silent%20Expansion.pdf>

Müller, B.; Ghiotto L. and Bárcena L. (2024), “The Raw Materials Rush. How the European Union is using trade agreements to secure supply of critical raw materials for its green transition”, TNI.
<https://www.tni.org/en/publication/the-raw-materials-rush>

Rikap, Cecilia (2024), “Milei’s ‘twin extractivism’ reforms threaten Argentina and the planet”, Open Democracy, June.
<https://www.opendemocracy.net/en/argentina-javier-milei-bases-law-twin-extractivism-data-knowlegde-big-tech-debt/>

Class 30/10 – Business and Human Rights

Global Campaign to Reclaim Peoples' Sovereignty, Dismantle Corporate Power, and Stop Impunity (2023), “Frontiers of an Effective Binding Treaty”, March.
https://www.cetim.ch/wp-content/uploads/Frontiers-of-an-effective-Binding-Treaty_2023.pdf

Uribe, Daniel (2018) “Keeping the head up: lessons learned from the international debate on business and human rights”, in *Homa Publica – International Journal on Human Rights and Business*, 2(2), 19-40
<https://periodicos.ufrf.br/index.php/HOMA/article/view/30559>

Zubizarreta, J. H.; Ramiro, P. (2016), “The legal architecture of impunity: The Lex Mercatoria against international human rights law”. In Zubizarreta, J. H.; Ramiro, P., *Against the “Lex Mercatoria”. Proposals and alternatives for controlling transnational corporations*, Observatory of Multinationals in Latin America (OMAL), 11-31.
http://omal.info/IMG/pdf/against_lex_mercatoria.pdf

Class 6/11 – Tax Justice and the International Corporate Taxation

Oxfam (2022), “Profiting from pain. The urgency of taxing the rich amid a surge in billionaire wealth and a global cost-of-living crisis”, May.

<https://www.oxfam.org/en/research/profitting-pain>

Picciotto, Sol (2024), “The Design of a UN Framework Convention on International Tax Cooperation”, Policy Brief 38, The South Centre, May.

https://www.southcentre.int/wp-content/uploads/2024/05/TCPB38_The-Design-of-a-UN-Framework-Convention-on-International-Tax-Cooperation_EN.pdf

Tax Justice Network (TJN, 2022), “Taxation, illicit financial flows and human rights”, March.

https://taxjustice.net/wp-content/uploads/2022/06/TJN_Call-for-Input-Independent-Expert-on-Foreign-Debt_30-May-2022.pdf

Class 13/11 – Tax challenges derived from digitalization (Big Tech) and the globalization

**Special lecturer: Verónica Grondona*

Class 20/11 - Democracy and Political capture

Durand, Francisco (2016), “Corporate state capture and its variations”, in Durand, F., *Extractives Industries and Political Capture: Effects on Institutions, Equality, and the Environment*, OXFAM América, Peru.

https://cng-cdn.oxfam.org/peru.oxfam.org/s3fs-public/file_attachments/EXTRACTIVE%20INDUSTRIE%20AND%20POLITICAL%20CAPTURE.pdf

Gleckman, Harris (2023), “Multistakeholderism: Is it good for developing countries?”, Research Paper 182, The South Centre.

<https://www.southcentre.int/research-paper-182-7-september-2023/>

Saenz Cortes, Hernán (2021), “Crisis and Capture: reclaiming democracy and fighting inequality in Latin America and the Caribbean”, OXFAM International.

<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/621200/dp-crisis-capture-latin-america-caribbean-010721-en.pdf;jsessionid=C28A85E4258C701F3A18BFDC55FC0569?sequence=4>

Class 27/11 - Alternatives and resistances

Friends of the Earth Latin America and the Caribbean (ATALC, 2021), “TNCs and peoples’ rights in Latin America and the Caribbean: violations of peoples’ sovereignty”, January.

https://www.foei.org/wp-content/uploads/2021/04/ATALC_transnational-corporations-peoples-rights-latin-america-and-the-caribbean_ENG.pdf

Brennan, B. and Berrón, G. (2020), “Touching a nerve. A peoples’ campaign at the United Nations

challenges corporate rule”, State of Power 2020, TNI, January.

<https://longreads.tni.org/touching-a-nerve>

Zubizarreta, J. H.; and Ramiro, P. (2016), “Resistance, regulation and alternative proposals for controlling transnational companies”, in Zubizarreta, J. H.; and Ramiro, P. *Against the “Lex Mercatoria”*, OMAL, 61-101.

http://omal.info/IMG/pdf/against_lex_mercatoria.pdf

4. COMPLEMENTARY READINGS

Askanius, T. *et al* (2023), “Digital Power”, State of Power 2023, TNI, February.

<https://www.tni.org/en/publication/stateofpower2023>

Cañete Alonso, Rosa (2018), “Captured Democracy: Government for the Few. How elites capture fiscal policy, and its impacts on inequality in Latin America and the Caribbean (1990-2017)”, OXFAM/Latin American Council of Social Sciences (CLACSO).

<https://oxfamilibrary.openrepository.com/bitstream/handle/10546/620600/rr-captured-democracies-161118-summ-en.pdf>

Chatterjee, P; Petitjean, O. and Perez, A. (2023), “Green” Multinationals Exposed. How the energy transition is being hijacked by corporate interests. TNI.
<https://www.tni.org/en/publication/green-multinationals-exposed>

Chowdhary, Abdul M.; Diasso, Sébastien B. (2022), “Taxing Big Tech: Policy Options for Developing Countries”, Tax Cooperation Policy Brief N°27, The South Centre, December.

https://www.southcentre.int/wp-content/uploads/2022/12/TCPB27_Taxing-Big-Tech-Policy-Options-for-Developing-Countries_EN.pdf

Gleckman, Harris (2021), “COVAX: a global multistakeholder group that poses political and health risks to developing countries and multilateralism”, Friend of the Earth International (FOEI) and TNI, March.

https://longreads.tni.org/wp-content/uploads/2021/03/COVAX_EN_WEB_NEW.pdf

Gleckman, Harris (2017) “Multistakeholderism: a new way for corporations and their new partners to try to govern the world”, CIVICUS.

<https://www.civicus.org/index.php/re-imagining-democracy/overviews/3377-multistakeholderism-a-new-way-for-corporations-and-their-new-partners-to-try-to-govern-the-world>

Global Campaign to Reclaim Peoples' Sovereignty, Dismantle Corporate Power, and Stop Impunity (2022), “Arguments for establishing proper and direct obligations for Transnational Corporations in the UN Binding Treaty on TNCs and human rights”, October.

https://www.stopcorporateimpunity.org/wp-content/uploads/2022/10/Arguments-direct-obligations-for-TNCs_GlobalCampaign-2.pdf

Haar, Kenneth; Berrón, Gonzalo (2022), “Funding for Profit & Multistakeholderism”, Corporate Europe Observatory (CEO) and TNI, November.

https://www.tni.org/files/2023-01/funding_for_profit_and_multistakeholderism_final_for_web.pdf

Olivet, Cecilia; Ghiotto, Luciana (2021), “Parallel Justice. How the investment protection system undermines judicial independence in Latin America”, TNI and Public Services International (PSI), São Paulo - Amsterdam, March. https://www.tni.org/files/publication-downloads/justiciaparalela_eng.pdf

Ovonji-Odida, Irene; Grondona, Verónica; Muheet Chowdhary, Abdul (2022), “Two Pillar Solution for Taxing the Digitalized Economy: Policy Implications and Guidance for the Global South”, Research Paper N° 161, The South Centre, July.

https://www.southcentre.int/wp-content/uploads/2022/07/RP161_Two-Pillar-Solution-for-Taxing-the-Digitalized-Economy_EN.pdf

Rainforest Action Network et al. (2024), “Banking on Climate Chaos”.

https://www.bankingonclimatechaos.org/wp-content/uploads/2024/07/BOCC_2024_vF2.pdf

Reyes, O.; Anderson, T. (2023), “How the Finance Flows: The banks fuelling the climate crisis”, Action Aid. <https://actionaid.org/publications/2023/how-finance-flows-banks-fuelling-climate-crisis>

South Centre (2023), Inputs to UN Secretary-General for “Promotion of inclusive and effective tax cooperation at the United Nations”, March.

<https://www.southcentre.int/wp-content/uploads/2023/03/South-Centre-Comments-on-UN-Tax-Convention.pdf>

Transnational Institute (2020), “Charming Psychopaths. The modern corporation. An interview with Joel Bakan”, State of Power 2020, August.

<https://longreads.tni.org/stateofpower/charming-psychopaths-the-modern-corporation>

Uribe, Daniel and Danish (2020), “Designing an International Legally Binding Instrument on Business and Human Rights”, South Centre, Geneva.

<https://www.southcentre.int/wp-content/uploads/2020/07/Designing-an-International-Legally-Binding-Instrument-on-Business-and-Human-Rights-REV.pdf>

5. DOCUMENTS

ILO (2017), Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) - 5th Edition.

https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf

OECD (2011), Guidelines for Multinational Enterprises. <https://www.oecd.org/daf/inv/mne/48004323.pdf>

United Nations (2011), Guiding Principles on Business and Human Rights: Implementing the United Nations 'Protect, Respect and Remedy' Framework, Human Rights Council (HRC).
https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf