ECONOMIC DEVELOPMENT, CORPORATE ACCOUNTABILITY AND THE ENVIRONMENT: COMPARATIVE CASE STUDIES FROM COSTA RICA AND LOUISIANA

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A Thesis Presented to Tulane University in partial fulfillment
of the requirements for a Bachelor of Arts with Honors in Environmental Policy
May 9, 2000

ABSTRACT

Nikki Demetria Thanos. Economic Development, Corporate Accountability and the Environment: Comparative Case Studies from Costa Rica and Louisiana (Professor J. Timmons Roberts, Sociology and Latin American Studies) May 9, 2000

This thesis examines the interplay between corporations, the state and civil society in determining state (national) economic policies and compares the dynamics of this relationship as it has developed in Costa Rica and Louisiana. A central argument throughout this work is the idea that a truly environmentally sustainable corporation must also be fully accountable to the local communities in which it operates. Chapter Two demonstrates how most corporations continue to fall far short of being truly accountable to the public and state regulatory institutions. Chapter Three shows how Shell-Norco and other petrochemical industries have influenced the environment and state policies in Louisiana. Chapter Four addresses the role of the agro-export industry in Costa Rican development through a case study of Del Monte's Pineapple Development Company (PINDECO). Chapter Five introduces the role of the Concerned Citizens of Norco (CCN) and El Frente de Lucha Contra La Contaminación de PINDECO (The Front in the Struggle Against Pollution at PINDECO) in pushing corporations toward greater accountability. This thesis ends with a discussion of alternative development paradigms as promoted by the Louisiana Environmental Action Network (LEAN) and the Costa Rican company TropOrganics.

ACKNOWLEDGEMENTS

I would first of all like to thank those of you who shared your stories with me. I can only hope that this document reflects the power of your narratives and the depth of your perspectives. Special thanks also to my host community in Longo Mai (Emelina, Leo, Emi and Balmoris especially) and to the folks at ICADS: Ileana, David, Soren, Sarah, Jaime, Julie, Tamsen and Jenny.

My thesis advisors, J. Timmons Roberts, Michael Zimmerman and M. Karen Bracken offered invaluable critiques and insights throughout the development of this work. Liz Davey in the Environmental Studies Department at Tulane also deserves recognition for her encouragement and assistance. This work will be reproduced and distributed thanks to a generous grant from the Aaron S. Allen Grants In Environmental Studies program. Lastly, I would like to recognize my family and support network: Mom, Dad, JJ, Peeps, Leo and, yes, even Linus. You all helped me so much.

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CHAPTER ONE: INTRODUCTION

While there are undeniable historical differences between the two, both Louisiana and Costa Rica are facing strikingly similar challenges to development. Despite prolonged struggles to diversify their respective economies, both have historically relied on one sector of growth. The agro-export sector in Costa Rica and the petrochemical industries in Louisiana have defined growth strategies for the better part of this century.

Low economic diversity engendered a series of socio-cultural transformations that are common to both Costa Rica and Louisiana. In both cases, social services and environmental quality were sacrificed to simulate growth. Similarly, both Costa Rica and Louisiana have reconfigured their policy formation processes in response to protean internal power structures. Today, large, multinational corporations dominate the the economic/politic landscape in Costa Rica and Louisiana.

Policy planners in Costa Rica and Louisiana have both bought into a neo-liberal development paradigm. Under this model, nations (states) open their doors to international markets, emphasizing the production of only those exports in which they believe they have a comparative advantage. Costa Rica's natural resources, high biological diversity, and cheap labor have thus become the backbone of new growth strategies ; in Louisiana, access to the Gulf of Mexico and the Mississippi River and lax enforcement of national environmental standards remain central advantages.

Economic liberalization in Costa Rica translated into a series of loans and harsh austerity measures that mandated a reduction in the public sector. Structural adjustments successfully stabilized the Costa Rican economy but today continue to stress, ironically, the very social programs that made Costa Rica one of the wealthiest nations in the developing world. Government insurance programs, the state health care system, social security services and a strong public education system are today struggling to survive in Costa Rica. Similarly in Louisiana, health care, education and other state services remain grossly under-funded and Louisiana's social indicators tarry as some of the worst in the United States. Therefore, I would argue that at the beginning of the twenty-first century Costa Rica and Louisiana are facing remarkably similar economic development dilemmas.

These factors as well as archival investigations convinced of the need to frame my discussion as a comparative study. Historians, politicos, and culturalists alike emphasize the uniqueness of Costa Rican development. Indeed, its relative racial and economic homogeneity, the presence of real democratic institutions/processes and the absence of any army combine to easily distinguish Costa Rica from its Costa Rican neighbors. Yet if it is true that Costa Rica is so different from the rest of the isthmus (which indeed I think it is), why do analysts insist on comparing it to other Central American nations?

In the same manner, most comparative studies address Louisiana along southern states or, more broadly, the rest of the United States. Few analyses move beyond geographic semblance to analogize cross-cultural economic and social indicators. This thesis is an interdisciplinary response to the above outlined gap in multigeographical and/or multicultural comparative studies.

The structure of my analysis provides sufficient space to address the cultural and environmental dimensions of economic globalization. How is power distributed between corporations, the state, and civil society? Do corporate actors play consistent or inconsistent roles in development in different parts of the world? More broadly, how are the benefits, responsibilities and challenges of the current development paradigm distributed between all relative stakeholders?

This thesis examines the interplay between corporations, the state and civil society in determining state economic policies and compares the dynamics of this relationship as it has developed in Costa Rica and Louisiana. A central argument throughout this work is the idea that a truly accountable corporation is, by definition, environmentally sustainable as well. This thesis will open up a dialogue about and offer criticism of the larger economic system which perpetuates a social division of power between blue-collar laborers and their employers. It will raise questions about other issues as well, including the socio-environmental consequences of plantation economies and dependant workforces, worker's rights in a globalized economy, and the shortcomings of our current system of corporate accountability.

ORGANIZATION OF THE THESIS

The thesis consists of five chapters. Chapter Two focuses exclusively on the modern corporation and addresses both historical and contemporary dimensions of corporate development. I examine the structure, policies, vision and behavior of the modern corporation as it interacts with and influences the development of other sectors of society. In this chapter I also introduce several key concepts that will provide the backbone of the rest of this work including "corporate accountability" or "corporate responsibility" and "sustainable development." Lastly, I examine efforts by corporations to self-regulate their industries through independent performance/accountability standards paying particular attention to the ISO 14000 program.

I argue that most corporations continue to fall far short of being truly accountable to the public and/or state regulatory institutions. The Community Right to Know Act of 1986 was a major breakthrough in forcing disclosure of industry data, but the law is not fully comprehensive and critically important data continues to be withheld from the American public.[1] No comparable mandatory disclosure laws exist in Costa Rica or other nations of the developing world.

I agree that the inclusion of an environmental/social responsibility discourse in international corporate agendas should be approached with caution, but I maintain that corporate environmentalism should not be fully discounted, as it has been by environmental groups like Greenpeace International, as "corporate greenwashing." Indeed, the very presence of an environmental dialogue at top-level management marks a noteworthy shift in management consciousness. I argue that business leaders have an important role to play in the quest toward environmental, economic and social sustainability. However, the unequal distribution of global power gives environmentalists and social activists good reason to question the integrity of corporate environmental programs. Businesses need to be integrated into community and state development plans, not as an imperious chieftain, but as representative stakeholders alongside elected community and national leaders.

Corporate codes of conduct, social responsibility platforms and environmental management systems are progressive management tools that have the potential to be extremely valuable to corporations, employees and the public. However, I will argue that self-regulated initiatives are grossly insufficient in and of themselves. The International Organization for Standardization's ISO 14000 series and other industry programs need to be complemented with enforceable environmental and labor laws that include clauses for independent, third-party monitoring of corporate management systems.

Based on this research, it seems that any effective reforms to the existing system will likely originate from an integrated coalition of the corporate, governmental and social sectors of society. In

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[1] EPCRA requires that businesses report emissions and accidental releases to the U.S. Environmental Protection Agency (EPA). Industry data is then collated by the EPA and stored in a publicly accessible data bank (the Toxic Release Inventory or TRI). See www.epa.gov/oeca/ore/tped/epacratp.html. On its limitations, see www.scorecard.org.

the meantime, external pressure from non-governmental organizations and community monitoring groups will continue to place a measurable but limited amount of pressure on corporations.

Throughout Chapters Three and Four, I develop the idea that a truly accountable corporation is, by definition, environmentally sustainable as well. Chapter Three begins with an overview of Louisiana's economic history, highlighting the last fifteen years of growth. I set forth the stakeholders in the development of public policies in Louisiana and assess the relative power of civil society, non-governmental organizations, corporations and neighbors of industrial facilities in determining state economic policy. Throughout the chapter, I focus on how Louisiana's economic development policies have historically impacted low-income residents and the natural environment.

Leadership from the private sector, particularly petrochemical industries, was crucial to the development of Louisiana's economy. A review of the historical record makes it clear that the state and private sector in Louisiana continue to promote a common development ideology that primarily benefits themselves. Corporations have unquestionably enjoyed a disproportionate share of the benefits of Louisiana's economic development model; by contrast, low-income residents, particularly people of color, have shouldered a disproportionate share of the state's economic and social burdens. I back up my critique of the synergetic relationship that has developed between the state and corporate sector in Louisiana with statistics on the state's industrial tax incentive program.

My case study of Shell-Norco forcefully demonstrates the complexity of contemporary economic and environmental disputes that have come to characterize the state of Louisiana. From their riverside community 45 miles west of New Orleans, residents of Norco's Diamond community have struggled for decades to develop a mutually respectable relationship with their industrial neighbor, Shell-Norco. Today, residents suffer from respiratory illnesses, blurred vision, heart pains and cancers—ailments they maintain are a result of their close proximity to the plant. Shell, however, denies that it has any direct responsibility for the community's health problems and insists it has obeyed all existing laws and regulations.

As the tenth largest corporation in the world, Shell International advertises that it is "leading the way" in corporate sustainability initiatives. At the local level, however, community action groups like the Concerned Citizens of Norco (CCN) are challenging the practical application of Shell's international commitments. What I observed at Shell-Norco can be best explained as a collision of two competing visions of corporate accountability. The CCN feels that a community buyout is the only acceptable denouement to the current situation; Shell, on the other hand, insists they are already accountable to the public, citing their willingness to disclose plant data and their full compliance with existing federal and state laws. At the end of Chapter Three, I evaluate the arguments from both sides of the dispute, highlighting the apparent disconnection between Shell's corporate policies and their actual practices.

Chapter Four follows a mirrored outline of Chapter Three, examining the interplay of corporations and civil society in policy formation in Costa Rica. As in Louisiana, Costa Rica's development history has been largely determined by foreign, multinational corporations. Also like the situation in Louisiana, Costa Rica's natural environment and low-income population have been most negatively effected by state economic programs.

Del Monte's Pineapple Development Company (PINDECO) in Buenos Aires, Costa Rica is one example of the dynamic interactions between the state and private sector in Costa Rica. PINDECO and other foreign transnational corporations have radically changed the social and environmental landscape of the region. Today, Buenos Aires residents are torn between a traditional model of development, historically centered around subsistence family farming, and the promises of the neo-liberal model. As I do in Chapter Three with the Shell Corporation, here I examine Del Monte's role as a (self-proclaimed) leader in corporate accountability. I argue that Del Monte has consistently violated both their own standards and the standards mandated by the Costa Rican government. I focus my analysis around three specific areas: 1) water and the environment, 2) worker health and human safety and 3) labor rights.

Chapter Five is the core analytical component of this work. In this section, I collectively analyze the data presented in Chapters Two, Three and Four. I first address the apparent disconnection between corporate policies and corporate practices at both Shell and Del Monte. I examine the role of the Concerned Citizens of Norco (CCN) and El Frente de Lucha Contra La Contaminación de PINDECO (The Front in the Struggle Against Pollution at PINDECO or simply, El Frente) in pushing corporations toward greater accountability. I then introduce several challenges to the dominant development model that have arisen from community organizers (specifically, the Louisiana Environmental Action Network and the Costa Rican company TropOrganics). I conclude with a few reflections and prospects for the future.

METHODS

This undergraduate honors thesis represents my best attempt to draw together a semester of sustainable development studies in Costa Rica with my experiences in Louisiana as an environmental and social justice activist. I have built on my academic background as a student of environmental policy and Latin American studies, trying to integrate what sometimes seemed to be two separate areas of interest. By its very nature, this study has been interdisciplinary. I utilized books, published as well as unpublished theses, university archives, personal interviews, internet searches, profession journals, etc. I relied primarily on English language texts although I did review several Spanish language sources. All but two of my interviews in Costa Rica were conducted in Spanish and all interviews (in Louisiana and Costa Rica) were taped and transcribed at a later date.

I lived in Costa Rica during the early months of 1999 and conducted almost all my interviews during April and May. From my base in Longo Mai, I worked closely with El Frente, the Union de Amigos Para La Protecion del Ambiente (Union of Friends for the Protection of the Environment: UNAPROA) and the Associación Ecologico Costaricense (Costa Rican Ecological Association: AECO). Each of these organizations provided invaluable technical and logistical assistance. In Costa Rica, I interviewed over 40 PINDECO workers/ex-workers and 23 community members. Interviews averaged about one hour (although group interviews tended to run longer) and took place in living rooms, bars and panaderías (corner stores).

PINDECO managers were incredibly accommodating, providing tours of the facility as well as copies of all backstocked editions of the company magazine, *El Pionero*. After much questioning, they also allowed me to interview employees on site. These interviews took place in the pineapple fields, in the waiting room of the health clinic and in the offices of PINDECO managers.

In Louisiana, I interviewed environmental activists, government officials, local historians, university professors and industry representatives. As in Costa Rica, interviews averaged between one and one-half hours and took place in a variety of public and private places. The Louisiana Environmental Action Network (LEAN), the Tulane Environmental Law Clinic and the Concerned Citizens of Norco (CCN) made their files available to me and gave direction to my research. My interviews in Louisiana (about ten in total) took place from November 1999 to April of 2000. All of my interviewees in Louisiana gave permission to have their names used in this work as did PINDECO administrators. I did, however, change the names of all the PINDECO employees (past and present) that I interviewed to protect their anonymity.

The following pages are a modest contribution to a growing body of theoretical and practical dialogue about the role of corporations in the globalizing economy. It is my hope that this thesis be used as a resource for other students, community activists and local planners. All of my research and writing was done independently and I alone am exclusively responsible for the contents of this document.

CHAPTER TWO: CORPORATE ACCOUNTABILITY IN A GLOBALIZING ECONOMY

INTRODUCTION

"Industry will have the primary role in making [sustainable development] work. We are the experts at development."
--Edgar S. Woolard, Jr., DuPont Chariman (Quoted in Greer and Bruno, 1996:1)

This chapter evaluates the modern corporation through both historical and contemporary lenses as an elastic actor in the course of human development. Large corporations like Royal Dutch Shell and Del Monte have come to be more important and influential in global economic politics than most nation-states. Today, the ten largest corporations alone have annual revenues of $801 billion--more than the revenues of the hundred smallest countries combined (Karliner, 1997: 5). This chapter highlights the inequities inherent in the present economic system through a deep examination of the globalizing corporation.

I frame this chapter around several key questions: What historical and political developments molded the form of the modern corporation? How does the modern corporation interact with and influence the state and civil society? What is the present role of the corporation in determining state economic policy? Do corporations have different policies and practices across borders? If so, what factors account for this difference? And lastly, what is the significance of the emerging corporate environmental discourse? Are environmental management programs helping corporations become more accountable to the public?

The world economic system is becoming increasingly globalized; as such, any discussion of environmental sustainability must effectively place social concerns within the context of the international economy. While mindful of the complexities inherent in the following discussion, I have tried to provide a sufficiently detailed chronology of corporate development in the last 500 years. After establishing a historical framework, I introduce the modern corporation as it interacts with the state and civil society today. I argue that corporations, more than any other stakeholder, dominate both the span and the scope of contemporary development dialogues.

This chapter addresses critiques from environmental and consumer rights advocates who feel corporations are not accountable to the public as well as rebuttal arguments from industry leaders. My examination of ISO 14000 as well as my examination of corporate environmentalism provides a balanced framework from which I address the corporate accountability debate. I build on the definition of sustainability promoted by the Business Council on Sustainable Development (to "meet the needs of the present without compromising the ability of future generations to meet their own needs") by incorporating the ideas of authors such as Joshua Karliner of the NGO Corporate Watch. Karliner's definition: the "long-term viability of local, regional and global ecosystems and the maintenance of the biological and genetic integrity of those ecosystems," is more comprehensive and, in my opinion, more useful for the purposes of this examination (1997: xiv).

In the latter part of this chapter, I call for a reexamination of traditional definitions of "corporate accountability" to incorporate a historical criteria as well as timely responsiveness to the concerns of shareholders, consumers, employees and the environment. As mentioned above, my central argument is that a truly responsible corporation is, by definition, an environmentally sustainable corporation as well.

THE HISTORY OF TRANSNATIONAL CORPORATIONS

"Corporations do not have common sense or virtue; they are not persons. Corporations are legal fictions designed for economic profit."
--Charles Draffan, Public Information Network, 1998

The history of incorporation can be traced back at least to sixteenth century Britain. Incorporation was designed to encourage exploration and economic risk, and, just as today, corporations were chartered by the government. To limit investor liability, the Crown created a system whereby investors could lose only the amount they invested. The earliest charters were granted only to "special public enterprises such as insurance companies, banks, canal, dock and highway companies," providing a sort of government sponsored risk insurance for "quasi-public agencies of the state" (Draffan, 1998). Corporate chartering was a "gift of the state," designed to limit corporate power and prevent corporate dominance of the public sphere (Hawken, 1993: 106).

There were only a few hundred corporations in the United States at the beginning of the nineteenth century. These corporations were seen as a "creature of the law …[to be] mold[ed] to any shape or for any purpose that the Legislature may deem most conducive for the general good" (Representatives of Pennsylvania State Legislature, quoted in Berle and Means, 1993). Citizens at this time were "concerned … that corporations with specific rights granted under charters would … [become too] powerful" (Hawken, 1993: 106). Throughout the nineteenth century charters thus remained restrictive, detailed and job specific.

The Civil War was a turning point in domestic corporate history as private enterprises first began aggressively amassing the wealth of the state. Around this time corporations began calling for a reformation of chartering laws to equalize corporate rights and privileges. The United States judiciary responded expediently to these demands, gradually extending corporate rights and, in the process, reinterpreting the U.S. Constitution.

In the 1886 case *Santa Clara County v. Southern Pacific Railroad*, the U.S. Supreme Court first declared that corporations were people, saying, "the court does not wish to hear argument on the question of whether the provision in the Fourteenth Amendment to the Constitution, which forbids a state to deny to any person within its jurisdiction the equal protection of the laws, applies to these corporations. We are all of the opinion that it does" (Draffan, 1998). Over half a century later, Justice William O. Douglas stated that, "there was no history, logic or reason given to support that view." Justice Douglas could not have known then, but the Southern Pacific Railroad case was just the beginning of a long series of rulings that have favored corporations. Since the drafting of the Constitution, corporate rights have gone from almost nothing to complete protection under the Bill of Rights, the 5th and 14th Amendments, as well as freedom of the press and speech (Draffan, 1999).

Corporate rights are today challenged by consumer activists like Charles Draffan who feel "corporations should not have the civic and political powers granted to them by court after court," criticizing "the overwhelming weight of American law [which] has supported property over democracy, corporations over family enterprise, and big government over local control" (1999). "The argument [behind corporate protection under the First Amendment] presupposes that all parties from the single voter to the multinational company have an equal voice in political debates" continues author Paul Hawken (1993: 108). Corporate accountability has been a central concern of development discussions for over 500 years; its timeliness as we enter the post-modern period is as germane as ever.

CORPORATIONS, POWER AND THE NATION-STATE

The most recent data estimate that at least 40,000 corporations operate internationally (in at least two different countries); the couple hundred largest of those operate globally. Global transnationals hold 90% of all technology and product patents worldwide and are involved in 70% of all world trade (Karliner, 1997: xiii). Corporate policies, production methods and buying practices have universal influence yet corporations have no (or very weak) legal responsibilities to the average citizen. Is, as many have claimed, the traditional state system becoming irrelevant to the transnational corporation?

In the U.S., more than 70% of both political parties' contributions now come from corporations. Politicians return the back scratch by funding corporate development projects and seeing to it that laws and trade agreements do not run contrary to corporate interests. In 1994, the United States alone handed out $85 billion in "corporate welfare"[2], mostly in the form of subsidies ($30 billion) and tax breaks ($4.5 billion) (Karliner, 1997).

The relationship between big corporations and first world governments has become increasingly dependent, perpetuating the paradox of poverty and wealth of "hub and spoke" economies. Today, ninety percent of all transnationals are headquartered in either the United States, the European Union or Japan (Karliner, 1997: 5). Free trade, globalized communication, transportation, and information technologies, combined with the rise of neo-liberal economics have only accelerated the dissemination of a universal consumerism ethic.

Today corporations exercise considerable control over all international economic systems, including the banks and lending institutions that fund development worldwide. Like their counterparts in national governments, multilateral development banks have also developed complex aid packages to assist corporations. This aid is both indirect, through the building of roads and infrastructure, as well as direct, through contracts for bank projects.

Inticing dirty industries has become a competition between less developed nations, each country ironically fighting for the right to become the next corporate toxic dump site. In the bargaining process, nations often trade away environmental and social securities guaranteed to their people under national and international laws. By moving their dirtiest operations overseas, companies are able to avoid "strict" first world environmental and human rights legislation. Companies also wash their hands of responsibility by "contracting out" the most dangerous operations to small, national companies (though these small companies often sell exclusively to the mother corporation), or by forming fake subsidiaries (as the Del Monte Corporation has done with PINDECO). By spreading their operations around the globe and by bringing all aspects of production under the umbrella of one mother company, corporations have been able to extend their power far beyond their country of origin.

Corporations, more than any other stakeholder, determine both the span and scope of modern development dialogues. Many researchers have cautioned, though, that the globalization of economic interactions cannot be adequately addressed without addressing the social and cultural implications of those interactions (Sassen: 1999). Corporations thus have a special place in globalization as well as

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[2] "Corporate welfare", in the broadest, sense refers to any tax break, subsidy, loan guarantees or inflated government contracts granted to a corporation by a state or federal government agency (See Nader, 1996).

sustainable development debates. It remains to be seen, however, how corporations will address the environmental, economic and cultural challenges inherent in all sustainable development pursuits.

WHO WILL REGULATE THE GLOBAL CORPORATION? NATIONAL LAWS, ISO 14000 AND THE DANGERS OF SELF-REGULATION

"We're more likely to see other companies as collaborators rather than adversaries...We aren't so much competing with each other as we are competing with the earth. And maybe that's a healthy way to look at it."
--George Kirkland, Chairman and Managing Director of Chevron Nigeria Limited
(Quoted in "The Nation" 16 Nov., 1998)

While corporations and international markets today operate across borders, regulatory laws remain largely limited to the traditional state system. What global performance standards and international agreements do exist are painfully void of substantive enforcement mechanisms. National laws unfortunately lack the capacity to effectively address impending international regulatory needs.

In the absence of an international regulatory body, several decades ago corporations launched efforts to self-regulate environmental, labor and trading standards.[3] Today, the International Organization for Standardization's ISO 14000 series distinguishes itself as one of the two leading corporate initiatives to improve health, safety and environmental performance.[4] Both Shell and Del Monte are certified ISO 14001 companies and provide a useful bouncing board from which I base this analysis. Throughout the rest of this section I map out both the capabilities and limitations of the ISO management model.

ISO, the International Organization for Standardization is a non-governmental, voluntary, private-sector specification standard for environmental management. Proponents of the system maintain that ISO represents a "new paradigm [in environmental policy regulation] that relies on positive motivation not punishment …ISO transcends the regulatory compliance approach" (Cascio, 1996: xi). In contrast to "command and control" policies in which governments mandate environmental standards, ISO is a voluntary program that allows each member organization to independently establish improvement targets. As explained by BVQI, Del Monte's registrar, ISO 14001 is a "tool for businesses to manage their environmental impact...these standards are based on achieving compliance with legal requirements, establishing internal environmental policies and procedures to meet defined targets and objectives, and continuous improvement" ("If You're Committed…", n.d.).

Critics of the system, however, point out that ISO fails to include any mechanisms for independent, public reviews of the management system or for corporate compliance with the system. Because ISO addresses the integrity of production processes rather than actual products themselves, ISO labels are far from a guarantee of the overall environmental soundness of a certified product. Critics of ISO maintain that the ISO label sends an undeserving message of environmental stewardship to consumers.

[3] Self-regulated environmental standards were also developed to deflect criticisms and avoid tighter regulations (See Roberts, 1998: 150-155).
[4] The British Standard (BS) 7750 is the other leading initiative. My focus throughout this analysis is the ISO 14001 program, not because the BS 7750 program does not merit analysis but rather because both Shell and Del Monte are certified ISO 14001 companies.

Indeed, the advertised benefits of ISO fail to list “protecting the environment” as a primary goal of the program, instead emphasizing its financial and public relations benefits. BVQI, for example, advertises that, "the biggest eternal benefit [of ISO] is proving your environmental commitment to your community, regulatory agencies and customers...[other benefits include] less regulatory inspections and reporting, streamlined permitting, better community relations, reduced legal liability, reduced environmental management costs, reduced insurance premiums, increased access to funding, improved shareholder and community relations, and gaining competitive advantage…" (1998).

Critics like Greer and Bruno maintain that ISO is above all, a source of revenue-- both for *certifying* companies, who are paid to do ISO analyses, as well as for ISO *certified* companies, who enjoy reductions in their bottom line and increased sales from improved public image. Auditing companies compete for clients, and most share the philosophy of AOQC Moody, an international certifying body out of Houston who advertises that their mission is to offer clients a "cost-effective means of attaining certification by utilizing auditors who have been selected for their experience and friendly audit approach to assure you will get a stress-free, value-added audit" (AOQC: n.d.). Disturbingly, “friendly," "value-added," and "stress-free" are hardly synonymous with "objective," which most would agree should be the central element of any international management standard.

There are many important management issues that ISO does not address, including, most evidently, working conditions and labor rights. Activist Joshua Karliner and others have expressed concern that programs such as ISO may someday be used by corporations to protest stricter environmental requirements as barriers to free trade (1997). Other critics note that ISO is not a binding agreement and its “global” span today only includes corporations large enough to pay for the certification analysis (Roberts, 1998). Consumer activists worry that ISO and other self-regulated programs may actually make it more difficult for citizens to hold corporations accountable.

The Dupont Chemical Corporation has said that, “the disposal of wastes ought to be regulated instead of regulating the nature and use of the product or the type of manufacturing process used" (Karliner, 1997). This philosophy on environmental management, reinforced through agreements like ISO, is extremely problematic for many environmentalists. Because these EMSs do not mandate cradle-to-grave attention, agreements like ISO may impede fundamental transformations toward true sustainability. If they are to overcome these challenges, ISO 14000 and other industry programs need to be complemented with enforceable environmental and labor laws that include clauses for independent, third-party monitoring of corporate management systems.

While I agree that there are serious limitations to self regulated EMSs, it is premature to discount their potential altogether. Self-regulated initiatives are grossly insufficient in and of themselves but they reflect a new sensitivity to environmental concerns. ISO and other EMSs are helping tremendously to formalize a new dialogue about environmental and social justice concerns. The integrity of this emerging corporate environmental dialogue is the focus of the next section.

CORPORATE ENVIRONMENTALISM: “GREENWASHING ” OR A GENUINE SUSTAINABLE DEVELOPMENT MOVEMENT?

Dupont CEO Ed Woolard is credited for first promoting the concept of corporate environmentalism. During a 1989 speech to the American Chamber of Commerce in London, (and, as environmentalists like to point out, in the wake of the Exxon Valdez oil spill), he called for “an attitude and a performance commitment that place corporate environmental stewardship fully in line with public desires and expectations… the environmental groups cannot solve any of these problems. Governments can't do it. Corporations have to do it" (Quoted in Holusha, 1990: A2).

Corporate environmentalism, as explained by the Business Council for Sustainable Development, contends that," 1) unleashing market forces to promote ongoing economic growth through open and competitive trade is the fundamental prerequisite to sustainable development, 2) there is a need to introduce pricing mechanisms to correct distortions in the world economy and reflect environmental costs, 3) self-regulation is the best, most preferable and most efficient method for transforming business practices and 4) there is a need for more changes in technology and managerial practices in order to promote cleaner production and the more efficient use of resources" (Schmidheiny, 1992). According to the Council, environmental problems can be ameliorated through a restructuring of current management and pricing systems.

Central to the corporate environmentalist philosophy is a belief that efficient and high-quality products reduce both cost and environmental impact. Recent years have seen the emergence of a new breed of businesses, ethics consultants, nonprofits and how-to books that have popularized and developed the corporate environmental philosophy. Pawl Hawken's book *The Ecology of Commerce* made the bestseller's list, *Business Ethics* is now a popular magazine, and organizations like the Social Venture Network, Business for Social Responsibility, the Coalition for Environmentally Responsible Economics and the Council on Economic Priorities have enjoyed unimaginable successes. Livio DeSimone, Chairman of the Business Council for Sustainable Development, went so far as to say, "A paradigm shift has clearly taken place. Business …used to be depicted as a primary source of the world's environmental problems. Today it is increasingly viewed as a vital contributor to solving those problems and securing a sustainable future for the planet" (Karliner, 1997: 31).

Few can contest De Simone's statement that businesses need to be integrated into global sustainability discussions. However, many environmentalists see the root of current environmental problems as "[a design] rather than a management problem, a flaw that runs through all business" (Hawken, 1994: xiii). Corporate environmentalism is thus approached with a great deal of cynicism from many environmentalists who see the movement as insidious 'greenwashing' rather than a genuine effort at reform.

"Most of these companies are green the way an apple is green: on the outside, where you can see it" reflected author Joel Hirschorn (Athanasiou, 1996: 237). "Corporate environmentalism [is] better read as an ominous development in which well-advised executives, keen to hold off citizen activists and governmental regulation, pay ever closer attention to the orchestration of appearances" (Athanasiou, 1996: 231). As Greenpeace explains it, corporate greenwashing allows "transnational corporations to preserve and expand their markets by posing as friends of the environment and leaders in the struggle to eradicate poverty" (Greer and Bruno, 1996: 1).[5]

These authors and others have provided sufficient evidence that greenwashing exists. Unfortunately, it is not yet clear what proportion of corporate environmentalist initiatives can be discounted as greenwash and which are constitutive components of the sustainability struggle.

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[5] According to Bruno and Greer, common manifestations of greenwashing include "corporate restructuring to include environmental issues, programs like waste minimization, waste reduction and product stewardship, [formal] responses to public concern about the environment, environmental themes in advertising and public relations, and voluntary environmental policies, codes of conduct and guiding principals (1996: 31).

CONCLUSIONS

Based on the data presented in this chapter it seems evident that the environmental management and regulatory systems in place today fall far short of mandating full corporate accountability. Corporate codes of conduct, social responsibility platforms and environmental management systems are progressive management tools that have the potential to improve company performance but these efforts are grossly insufficient in and of themselves. The ISO 14000 series and other industry programs need to be complemented with enforceable environmental and labor laws that include clauses for independent, third-party monitoring of corporate management systems.

Yet while citizens are right to question the integrity of corporate environmental initiatives, it is dangerous to discount its potential all together. The very presence of an environmental dialogue at top-level management marks a noteworthy shift in management consciousness. The proliferation of environmental literature and programs aimed at business leaders is in and of itself a tremendous testament to the now-recognized necessity of balancing economic growth with ecological preservation. Business leaders need to remain an active member of sustainable development dialogues and participate fully in efforts to green their operations. However, all sustainability conversations should be rooted in a discussion of the historical and present inequities in the global distribution of power.

In the next two chapters, I explore the question of what constitutes a socially accountable/environmentally sustainable corporation. Both Shell and Del Monte are leaders and active participants in international corporate environmental initiatives and both are using global environmental standards to facilitate the development of more sustainable operations. I measure these sustainability efforts against the criteria of accountability articulated by environmental and social justice organizations.

CHAPTER THREE: CORPORATE ACCOUNTABILITY IN LOUISIANA

In this chapter, I examine the interplay between corporations, the state and civil society in Louisiana. I begin with an overview of state development programs, focusing primarily on the last fifteen years of economic growth. I analyze the arguments of proponents of the current system (Governor Mike Foster and the Louisiana Association of Business and Industry) as well as the systems' critics (the Louisiana Environmental Action Network and the Louisiana Coalition for Tax Justice).

I continue by examining the history of corporate welfare in Louisiana and discuss how industrial tax incentives impact the most marginalized members of society. I outline the different stakeholders in the development of state economic policies and analyze the relative span of their influence on shaping public policy. In Louisiana, these stakeholders include politicians at all levels of government, corporations and the lobbying coalitions that represent them, small business owners, blue collar workers, neighbors of industrial facilities, non-governmental organizations and civil society at large. The environment, in its broadest sense, is included as a stakeholder as well throughout my evaluation.

I include a case study of the Diamond community in Norco, LA to build on my general critique of the state's current economic system. Few case studies more forcefully demonstrate the complexity of modern economic and environmental disputes than the relationship between Shell/Motiva and the Concerned Citizens of Norco. Later, I document the efforts of Louisiana corporations to be responsible business leaders and examine how well they are progressing toward their collective and stated goal of developing sustainable operations. Throughout this chapter, I document how Louisiana economic development policies have, historically and today, negatively effected the poor and the environment.

INTRODUCTION

"Louisiana's economy is broke and the state's current economic policies won't fix it."
-- David Dole, Anne Fifield and Ernie Niemi, in "Getting Smarter" (1998)

"It was a trauma…my trailer shook and my mom's house shifted. It threw the mattress off the bed and I was thrown out," remembers Margie Richard (Richard and Freeman, 1997). The 1988 accident Richard remembers also killed seven workers and released 159 million pounds of toxic air emissions. Yet while the 1988 explosion was a tragedy, it was not the first time technical complications at the Shell Refinery threatened the lives of the Norco community. In 1973 an underground ethylene pipeline erupted, killing an elderly woman as well as a 16-year-old boy who was mowing the lawn. Older residents in the neighborhood still remember the sight of "that poor little boy on fire" (Richard, Personal Interview: 1999). Accidents aside, Shell legally releases over one million pounds of toxic chemicals to Louisiana's air each year including toluene, acetone, MED and carbon disulfide (CCN, 1999).

In Norco, Louisiana, residents know all too well the full costs of oil production. Today, approximately 1,000 people live in the Diamond community of Norco, sandwiched between the Shell/Motiva Refinery and the Shell Chemical Plant. Several homes along Washington Street sit no more than twenty feet from Shell's fence line. Residents complain of respiratory congestion, heart pains, asthma, itchy eyes, dizziness, blurred vision and cancer. They routinely smell unusual odors, suffer daily through extensive noise, light and air pollution and, most of all, "live in fear of when it'll blow again" (Richard, Personal Interview:1999).

Residents believe their health problems are directly linked to the pollution at Shell. Shell, though, defends their environmental health and safety record, maintaining that they have obeyed all state and federal environmental regulations. Shell backs up their emissions data with certifications and rewards from international standard organizations and makes public promises to "help society as a whole become more sustainable" (Shell: 1999). Shell representative Lily Galland has even boasted to the press that "We [Shell] have been recognized by the state for our commitment to health and the environment" (Swerczek: 1999).

Regardless of the legality of Shell's environmental record, however, residents feel the company has not fulfilled its full responsibility as a corporate neighbor. "While Shell's profits and production have grown, we [residents] have paid with our quality of life," explains the Concerned Citizens of Norco (CCN, 1999). State and local officials have been unresponsive to community complaints, defending Shell's behavior and insisting the company's emissions meet Louisiana ambient air standards. The Louisiana Department of Environmental Quality (LDEQ) has strategically framed the conflict, reducing the public health debate in Norco to a dispute over empirical threshold standards (i.e. how many parts per million of benzene is 'safe').

For the affected community, the conflict with Shell is a fight for health, justice and the right to self-determination. Yet there is recognition that the root causes of the conflict are economic; as such, any acceptable resolution must effectively place Shell's behavior in Norco, Louisiana within the context of an increasingly globalized international economic system.

The Governor of Louisiana and the Department of Economic Development (LDED) are most uniquely positioned to address the situation in Norco and, more fundamentally, the shortcomings of the state's current economic development model. But "instead of protecting the citizens, the state and its agencies are single-mindedly focused on protecting polluters like Shell Norco" says Carl Pope, Sierra Club Executive Director (Sierra Club: 1999). Shell's business practices and their corporately defined development model are reinforced and legitimized at every level by the state government of Louisiana. To what degree, then, is the state of Louisiana responsible for the present situation in Norco? Why have Louisiana planners been so eager to attract Shell and other large industries to the state?

By all conventional measures of economic productivity, Shell makes significant contributions to Louisiana's economy. Louisiana, in turn, has rewarded Shell and other big businesses with subsidies totaling around $1 billion a year -- the highest handouts to corporations per capita of any state in America (Karmatz: 1999). Since 1997, Louisiana has lost 2,000 manufacturing jobs but provided over $600 million in tax benefits (Robichaux, 1999). The big business lobby insists the incentive system has helped the state's economy, but few can contest the system's failure to address social problems. Louisiana graduates the fewest people from high school than any other state, ranks 5th in long term unemployment, 7th in crime, and 4th in teen pregnancy (Deming: 1996, 3-14). Far from benefiting the people of Louisiana, the current state-subsidized corporately controlled economy actually reinforces the social and economic cleavages that have separated the state's rich and poor for over 300 years.

In evaluating the success of recent economic development strategies, it is essential to question who have been the primary beneficiaries of the system throughout history. At the turn of the century, the system primarily served large plantation holders; today, by contrast, the bulk of state revenues fall into the pockets of petrochemical multinationals and local elites. These interest groups secured their economic power by infiltrating the executive and legislative branches of government. By the late 1990s, they appeared to have successfully captured the judicial branch as well.[6] How, then, has the historical political and economic climate of Louisiana set the stage for the economic system in operation today?

THE BIRTH OF AN OIL ECONOMY: A BRIEF HISTORY OF ECONOMIC DEVELOPMENT POLICIES IN LOUISIANA

In many ways, Louisiana's environment has been the biggest single influence on state development policies throughout history. Over 300 years ago, the French recognized the region's potential as an international port; today, Louisiana's geographic position at the mouth of the Mississippi River continues to be an important part of all state development policies. Four of the eleven largest ports in America are located in Louisiana and each year, 4,500 seagoing vessels and 100,000 barges traverse the state's waterways (LDED, n.d.). The Mississippi River economically links Louisiana and much of the United States with over 191 countries around the world.

From the French conquest onward, Louisiana state policies have been designed to encourage international trade and service businesses along the river. As early as the 1930s domestic exporters realized the efficiencies of locating along the Mississippi. Heavy industries tended to settle and continue today to locate in areas of least resistance; the populations in these neighborhoods were almost always low-income African-Americans (Lee and Smith, n.d., Bowermaster, 1993: 42-51; Malek-Wiley, 2000).[7] Although river industries have modernized over the years, their products have remained dependent upon raw materials. This dependence has only deepened in recent decades, though products have diversified to include petroleum, natural gas, minerals, agricultural crops, forest-products and seafood.

Louisiana's dependency on raw materials fostered the growth of many capital-intensive industries (including the chemical and petroleum industries). Today, Louisiana is home to over 100 petrochemical plants valued at more than $19.6 billion (LDED: n.d.). Access to the oil fields in the Gulf of Mexico has helped Louisiana become the second largest producer of refined oil in the U.S. With eleven percent of U.S. petroleum reserves and 19% of natural gas reserves, Louisiana's petroleum industries are of prime importance not only to the state but also to America at large. Collectively, Louisiana's nineteen refineries produce around 16.9 billion gallons of gasoline annually (LDED, n.d.).

Around the world, oil has successfully provided much-needed capital to developing economies yet it has done very little to address their most pressing problems. Poverty, environmental destruction and a growing disparity between the rich and poor seem to go in hand with economic dependence on oil. Louisiana in many ways resembles the struggling economies of Venezuela, Colombia, and the Middle East, all of whom remain extremely vulnerable to fluctuations in international oil prices.

In 1991, the *Times Picayune* ran a story with the headline, "Louisiana and other oil states are in a position to grow faster than any other part of the [national] economy in coming years (*The Times*

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[6]In 1998, the Lousisiana Supreme Court passed Rule XX, an amendment to the state's constitution, under questionable influence of the big business lobby (See Gyan, 1999).

[7] On March 21, 1998, Professor Paul Templet of LSU testified before the Emergency National Commission on Environmental and Economic Justice in Convent, LA, that "generally states with high pollution levels have policies which favor the rich at the expense of the poor which leads to inequity in income levels" (Lee and Smith, 1999).

Picayune, 16 April, 1991). Yet at the close of the decade, it is evident that Louisiana has failed to grow at projected rates and has done little to diversify its economy. By subsidizing both the extraction and refining processes of the petrochemical industry, Louisiana has ultimately inhibited the growth of other sectors of the economy.

Nationally, Louisiana ranks first in per-capita toxic releases to the environment, second in total chemical releases, third in air releases and second in amount of wastes injected in to the ground (U.S. TRI Data, 1997). Pollution costs in Louisiana are borne by the public in the form of a degraded natural environment, poor rural infrastructure, high insurance rates, exposure-induced health problems, and residential energy rates more than twice the national average (Templet, 1997).

The development of elite attitudes toward the environment in Louisiana (as exemplified through the behavior of modern politicians) can be traced back at least to the 1930's. When the promises of an industrialized state first attracted the interest of Louisiana legislators, they developed an economic incentive system to attract new industries to the state. Legislators believed that economic activity within the industrial sector would provide jobs and bring capital into the state. Over time, the natural environment in Louisiana has largely come to be valued only as an economic resource. And because the petrochemical industry externalizes the damages of their processes on environmental and human health, it is difficult to quantify the costs they levy to society at large. Conventional economic indicators like the Gross Domestic Product (GDP) similarly fail to effectively measure the full costs of an oil-dependent economy. The petrochemical industry is intrinsically high polluting and low-labor; contrary to industry claims, technological advances will never be able to equitably offset the social and environmental destruction which are inherent to the oil production process.

OIL AND THE ENVIRONMENT

Since its introduction into developed economies, oil has grown to become the non-renewable backbone of industrialized society. The oil industry is confident that more reserves exist, yet no one can estimate what will be the costs (economic as well as cultural and environmental) of increased exploration and exploitation. The U.S. Geological Survey estimates that up to 2.1 trillion barrels of oil could ultimately be produced worldwide-- enough to sustain current consumption patterns for another 95 years (Rowell, 1997). The race to find the remaining fields has become a frontier battle between some of the biggest transnational corporations (TNCs) in the world. TNCs are flooding their exploration budgets to penetrate what were until very recently inaccessible expanses of land. Shell Oil, for example, spent $2.7 billion in 1998 on exploration alone (Judice, 1997). This international quest for oil combined with domestic pressures to economically develop has placed tremendous pressure on both the natural and human environment.

Oil has devastating effects on the environment at each stage of the production process. The process begins with seismic testing (through sound vibrations or explosions) of land to determine the probability of finding oil. The exploration process is particularly devastating in marine environments-- airguns produce sound decibels so high they have been known to kill small marine animals.

The first visible signs of pollution set in immediately once extraction begins. Spilling is the most notorious of exposure pathways, but smaller, chronic leaks can be equally devastating to the environment. As the drilling process begins, underground water (often naturally radioactive) is pumped to the surface along with oil. In Louisiana, water from drill sites has been found to be more radioactive than the legal threshold for effluent from nuclear power facilities (Rowell, 1997). Gas, also a by-product of oil production, is often burnt on-site if it cannot be sold.

In Louisiana, the oil/gas industry provides impetus for the draining and dredging of wetlands (Templet, 1997). Oil extraction also induces land subsidence (sinking) and may cause saltwater intrusion into wetland ecosystems. The loss of wetlands (as buffer zones from storms and as natural wastewater purifiers) has tremendous economic and ecological consequences.

Even more pollution is released during the oil refining process. Crude oil is a mixture of many different hydrocarbons with varying levels of purity. As high-quality crude is becoming harder to find, some refineries have been forced to accept oil with higher concentrations of sulfur, nitrogen, metals and other heavy compounds. Because dirty crude needs more processing than high-quality crude, refineries today are using more chemical inputs than ever before.

Oil refineries represent less than 1% of the facilities under EPA jurisdiction but create more than 10% of the nation’s air, land and water waste. The average refinery produces more than 10,000 gallons of oil waste daily, but large refineries, like the Shell/Motiva facility in Norco, produce much more (EDF, n.d.). Water-borne contaminants from refineries include ammonia, CLCH, methanol, chlorinated hydrocarbons, benzene and phenol.

Even after the production process is complete, oil continues to persist as an environmental pollutant. Crude oil is refined into (in decreasing order) gasoline, distillate fuel oil, kerosene-type jet fuel, industrial (residual) fuels, liquefied petroleum gases, still gas, asphalt, petrochemical feedstocks, lubricants and kerosene -- all of which introduce new pathways of environmental contamination (API, n.d.). Oil consumption has also created tremendous pollution problems at both a micro and macro level. Urban smog, global warming and acid rain are all directly linked to the consumption of oil. Petroleum by-products (including pesticides and plastics) have only extended the dangers of oil, creating new waste and environmental quality problems for urban dwellers.

While the oil production process is inherently dangerous, there are technological innovations and procedural precautions that can help decrease the risk of environmental contamination. According to the Environmental Defense Fund, these innovations include: "1) developing better process controls to recover/eliminate "flaring" of excess methane and ethane gases, 2) using storm water for processes, 3) planting tree/grass buffers to absorb on-site pollutants that may be mobilized during heavy rains, 4) using crude from existing oil fields and 5) investing in advanced transportation systems” (EDF, n.d.) However, as scientist Wilma Subra has explained, "No Louisiana refinery has adopted all the cleanest practices and technologies available” (EDF, 1999).

THE LOUISIANA STATE GOVERNMENT

"Regulations designed to protect the public from various abuses are generally enforced in a manner that places the heaviest burden on individuals and small companies, while large corporations are skillfully guided through the loopholes."
--Author Brian Tokar (1997: 57)

The primary reason petrochemical industries have not implemented state of the art production technologies in their Louisiana operations is because they have not been adequately pressured by state government officials. While many industries claim to be capable of self-regulation, simple business economics can explain why corporations do not exceed performance mandates set by the state-- to do so would set them at a comparative disadvantage. Codifying environmental regulations nationally was supposed to create a predictable business climate around the country, but regulatory enforcement patterns vary tremendously between states.

In the U.S., state and federal governments have been charged with setting guidelines for industry performance but there are limits to the existing regulatory system. Under the Clean Air and

Water acts, states autonomously determine how to best enforce federal regulations-- in Louisiana, almost without exception, the government has turned a blind eye to criminal environmental activity. State governors, the Department of Environmental Quality (LDEQ) and the Department of Economic Development (DED) are all responsible for the lack of regulatory compliance (Lussier, 2000).

Although the LDEQ claims that "environmental awareness and concern have been a part of the history of Louisiana almost from the time of statehood in 1812," it was not until very recently that environmental issues became formally integrated into the governmental system" (Mollere, 1990: 1). In its fifteen years of operation, the LDEQ has made many operational contributions to the state's environmental management system but has done little to address the underlying causes of environmental damage.

The DEQ is supposed to "provide service to the people of Louisiana through comprehensive environmental protection in order to promote and protect health, safety and welfare while considering sound policies regarding employment and economic development" (DEQ, n.d.) but has historically tended to de-emphasize to the point of exclusion its obligations to the people. Today, the stated mission of the DEQ continues to diametrically clash with the development ideology promoted by state officials. At the same time the DEQ is supposed to "increase compliance with environmental laws," for example, the state promises potential investors "a cooperative attitude on environmental permitting" (LDEQ, n.d.; LDED, 1998).

Economic growth and environmental protection have long been conceptually polarized in Louisiana and state governors have done little to harmonize the separation. Louisiana governors have historically ignored federal environmental legislation and in many cases have worked to reverse binding state environmental laws as well. In 1992, for example, Governor Edwin Edwards acted quickly to reverse many of the environmental initiatives implemented during the Roemer administration. Three days after he was inaugurated, Edwards announced plans to abolish the environmental scorecard (which connected tax breaks to environmental performance). He also abolished the Policy Planning Division of the DEQ (credited with fostering major reductions in pollution) and eliminated its public participation and local programs sections (created to increase public participation in the decision making process) (Templet, Personal Interview).

State governors work closely with the LDED, through which (among other things) state planners market Louisiana to corporations around the world. LDED advertises Louisiana to prospective industries for its "pro-business climate" which includes "effective tax and training incentives, tort laws that limit a company's financial liability to its proportional share of responsibility, a right to work law, a low rate of unionization, a cooperative attitude on environmental permitting, and a relatively low reliance on business taxes to finance state government" (DED, n.d.).

State governors largely determine the course of state development, and Louisiana governors have historically defended the interests of big industry. State governors do not unilaterally determine economic policy (they are assisted by both elected and appointed officials) but they do have considerable autonomy in day-to-day decision making. Applications for the Industrial Property Tax Exemption Program (IPTEP), for example, pass through the Office of Financial Incentives in the Department of Economic Development (who prepare a recommendation) as well as through the Board of Commerce and Industry. The 19 member C&I Board has the final say on all applications, but the governor and lieutenant governor are the only elected officials on the panel. The DED secretary and the 16 other members of the Board are all appointed by the governor himself. One DED worker said, "we're not here to serve the public. We're here to serve our client -- the applicants" (Quoted in Nauth, 1990: 55).

While certainly there are government workers who act in the best interest of all Louisianians, Louisiana state officials have historically tended to favor big businesses over the interests of the majority of people in the state. Today in Louisiana, the state governor, the Department of Environmental Quality and the Department of Economic Development have all bought into a development model that has fostered state growth at the expense of the environment and social services. This model is grounded in economic location theory, which suggests that, all other things being equal, firms will seek those locations where the combined costs of land, labor, capital, energy and transportation are minimal (Gray, 1999: 474-506). This model mirrors the model promoted by the petrochemical industry and other large manufacturing interests.

LOUISIANA'S PETROCHEMICAL INDUSTRY

"To people outside the industry, it seems obvious that for enterprises of such magnitude, there must be an irresistible temptation to exert great political pressure in any given country of operation whether by bribing politicians or by threatening to withdraw from a country if its laws do not suit the desires of the business. As far as Shell is concerned this has never been the case."
-Shell Corporation,1999 (Social Responsibility Platform)

Louisiana's large industries have made and continue to make significant contributions to the state. In 1994, petrochemical industries alone paid $530 million in state taxes and supplied around 97,600 jobs (5% of the state total) (Templet, 1997). Industry leaders recognize that their success in Louisiana is largely dependent on the state's economic climate. Corporations thus have a vested interest in state economic policies and use their power to ensure their interests are well represented in the state legislature.

Compared to other states, corporations in Louisiana are remarkably well organized and exercise considerable control over all levels of state government. The Louisiana Association of Business and Industry (LABI), a coalition of business leaders and arguably the most powerful lobby in the state, has been tremendously active in state politics in recent times. LABI represents the interests of the business community through a very unique, cradle-to-grave approach to political lobbying. By recruiting and training potential candidates throughout the state, LABI fulfills a role usually filled by political parties in other states. Through these efforts, LABI also establishes direct links with rising politicians. LABI along with other industry-specific political coalitions (i.e., the Louisiana Chemical Association) use their influence to promote an economic development model that best serves their interests.

The pro-industry coalition believes that large manufacturers stimulate development of small businesses, which feed off, service and supply mother companies. As large businesses prosper, the theory continues, they generate more jobs, in turn increasing tax revenues for state and local governments. Government planners, including current Governor Mike Foster, have bought into this philosophy and believe that expanded capital-intensive industrial growth will lead the state out of its current economic predicament.

LABI believes that Louisiana is in direct competition with other states for capital and jobs. They frequently compare Louisiana's development strategies and incentive programs to those in the developing world and the southern U.S.[8] "Louisiana is not an island unto itself; legislative policies should not be based only on what happens within our state borders since our businesses must compete nationally and internationally for jobs and capital" they explain (DED, n.d.).

However, as evidenced though failing social as well as economic indicators, LABI's arguments and the development model they promote are fundamentally flawed. Louisiana and other Southern states continue to rank the lowest of any region in the Corporation for Enterprise Development's (CED) annual economic report card. The nationally renowned think-tank grades states on four bases: overall economic performance, business vitality, development capacity and state

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[8] These states include Alabama, Arkansas, Florida, Georgia, Mississippi, North Carolina, Oklahoma, South Carolina Tennessee and Texas. <www.labi.org

policy. Louisiana has received nothing above a "D" in the last fifteen years. "The south has suffered using tax giveaways to lure companies from elsewhere in the country. The policy cost the states needed financial resources, and left them without the resources-education, roads and government services --to make their communities attractive for businesses," explains CED’s president Doug Ross (Alpert, 1999).

In the last century, an intimate relationship has developed between Louisiana's corporate leaders and state politicians. Today, an elite bond unites the state's political and economic leaders. They share a common vision for the state of Louisiana in which they (personally and professionally) would reap the social and economic benefits. These stakeholders have in the past and continue today to use their influence both in and outside of the formal policy-making system to promote a flawed development model. Central to the model is an extravagant corporate welfare system that relieves a perceived tax burden on big industries.

LOUISIANA’S “CORPORATE WELFARE” SYSTEM: IN THE INTEREST OF THE STATE?

"In the economic development game, perception can be more important than reality…there's absolutely no doubt there's a perception across the rest of the country that we have weird politics here. And there definitely is a perception in the national business community that to do business in Louisiana, you have to play games."
--Michael Daigle, Executive Director of the Jefferson Parish Economic Development Commission
(Quoted in Welsh, 1992)

In 1936, Louisiana's corporations and politicians formally committed themselves to a common development plan when they designed the Industrial Property Tax Exemption Program (IPTEP). Since its creation, the tax incentive system has fostered aggrandizing rewards to large manufacturers and supportive state politicians. Today, total welfare to industry from the state of Louisiana averages about $1 billion annually (Daugherty, 1999). Around $650 million of that takes the form of business taxes including inventory tax credits and exemptions for oil/gas exploration-- the rest falls under IPTEP.

IPTEP is the largest of all tax incentives offered by the Louisiana government. Under the program, manufacturing corporations can be relieved of local parish property taxes on buildings, machinery and equipment (but not land) for up to 10 years (after 5 years there is a renewal process). After the exemption period, corporations pay taxes on their properties but at a depreciated value. Since the program began in 1936 until 1988 more than 11,000 IPTEs had been granted; from 1988-1998 Louisiana handed out over $2.5 billion in IPTEP welfare alone (Nauth, 1990; LEAN, 2000). IPTEP is heralded by LABI as proof that "prosperity breeds prosperity," (n.d.) but many tax reformers in the state believe it is a "robin hood in reverse" policy dinosaur (Nauth, 1990).

The Louisiana State Constitution says that tax exemptions may be granted to industry if "it is in the best interest of the state" but critics feel the system rewards non-native transnational corporations and environmental polluters. In 1996, The Louisiana Coalition for Tax Justice (a citizen-based NGO) published an extensive critique of what they see to be “A System of Checks and No Balances.” They rightly criticize the IPTEP for the negative effects it has had on all levels of the state's economy. The IPTEP and other incentives the Louisiana government offers to big businesses ultimately keep Louisiana stuck in a development paradigm that nurtures the growth of already prosperous industries at the expense of Louisiana's poor majority.

The Department of Economic Development (DED) says that the Industrial Property Tax Exemption Program encourages new businesses to come to Louisiana and highlights that it is "specifically designed to attract manufacturing jobs" (LABI, 1998: 8). However, there are no provisions in the Program to require companies to hire local workers. In fact, throughout the 1980s, 94% of IPTEP contracts went to existing businesses and 75% of all exemption contracts resulted in no new jobs (Nauth: 1990). Today, Louisiana industries still produce four times the amount of pollution per manufacturing job as the average state (Templet, 1998). In 1999, the DED said that IPTEP created 6,000 new jobs annually but they were unable to back up their figures when pressured by local newspapers (Daugherty: 1999). Furthermore, because the majority (90%) of IPTEP contracts go to large multinational corporations (almost all of whom are headquartered out of state), Louisiana has no guarantee that corporate revenues will stay in the state.

Because the exemption relieves businesses of local property taxes, money is taken away from funds normally used to build and maintain local roads, parks, libraries and schools. "We're the only state in the U.S. of A. that lets education subsidize business" explained State Senator Cleo Fields of Baton Rouge in 1991 (Nauth: 1990). Bills have been introduced in the state legislature to give parishes/cities a local option to exclude education taxes from the IPTEP, but none have even made it out of committee. Credit for maintaining the status quo can largely be attributed to the efforts of LABI's Political Action Committees (PACs) and their relentless campaigns against "anti-business special interest groups" (LABI Homepage: 2000).

The unjust and unconstitutional social consequences of Louisiana's tax incentive system have caught the attention of national media and politicians. Louisiana's economic policies have long been criticized by environmental, labor and justice activists throughout the states and in November of 1998, *Time Magazine* brought their concerns to the mainstream. *Time* devoted an entire edition of a three-part exposé on American corporate welfare to Louisiana, crowning it with the dubious honor of being the largest corporate welfare state in the country (Karmatz: 1998).

At the beginning of the twenty-first century, it seems quite evident that state-subsidies to support Louisiana's oil dependent economy have resulted in little industrial diversity, poor human, financial and technical resources and some of the highest business failure rates in the country. The *Time* article echoed local concerns that the IPTEP and other corporate welfare programs in Louisiana serve to benefit an elite minority of Louisiana residents at an iniquitous cost to society at large.

SHELL-NORCO AND THE STATE OF LOUISIANA

"We all live in a society that has to tolerate certain inconveniences."
--Shell Attorney Mark Marino, in response to complaints by the Concerned Citizens of Norco (Greenpeace, 1999)

There are few corporations who have more craftily mastered the game of international business than Royal Dutch/Shell. They are a high-tech, well-managed manufacturing facility--exactly the kind of corporation Louisiana has historically courted. By all conventional measures of responsibility and performance, Shell is a model corporate citizen and a prototype of the kind of corporation attracted by Louisiana's economic development strategies. The health, safety and environmental problems at the Shell-Norco facility are similarly representative of problems at industrial facilities throughout the state.

Royal/Dutch Shell is the tenth largest corporation in the world. They operate in over 120 nations and supply 10-12% of the world's oil. In Louisiana alone, Shell takes in upwards of $26.5 billion dollars annually (Nauth, 1990). Shell, by their own account, is the "most cosmopolitan business in the world" (Shell Web, 2000). Shell's economy is larger than the economies of most countries of the world, yet Shell Oil is the fourth biggest corporate tax dodger in the state of Louisiana. In the 1980s alone, Shell received 67 tax breaks from the Louisiana government totaling some $96,280,906 (Nauth, 1990). All over the world, Shell says, they have "benefited society through energy, chemical and other products as well as by creating income, employment, skills and community initiatives" (Web, 2000). Yet, as Diamond Community residents are first to say, these benefits have come at a cost.

Shell Petroleum Corporation bought into the town in 1929 with the purchase of an oil refinery from the New Orleans Oil Refinery Company (NORCO). Twenty-seven years later, the Diamond community got their first glimpse of what would soon develop into a pattern of unilateral corporate decision making. In 1956, Shell displaced and relocated a substantial section of the Diamond community to clear land for the construction of the Shell Chemical Plant. The community, which had been situated on Old Diamond Plantation, was dumped onto a small plot of land in between the two Shell plants.

Throughout their history in the area, the Shell-Norco facilities have caused irreparable damage to both the human and natural environment. Of the 169 oil refineries in the United States, the Shell/Motiva Refinery is ranked fifth in total production related waste, third in releases of known carcinogens and ninth for recognized reproductive toxicants. Included in air emissions from 1992 was over 5 million pounds of benzene alone. Stack emissions totaled 570,000 pounds in 1992; fugitive emissions were almost double that at 1,582,378 pounds (US TRI, 1998).

With over 2 million total pounds of toxic air emissions, the Shell-Norco facility accounts for 50% of all toxic releases in St. Charles Parish (US TRI, 1998). St. Charles Parish lies in the heart of "Cancer Alley", a notorious stretch of the Mississippi River from Baton Rouge to New Orleans that is home to over 140 petrochemical producers and consumers. Union Carbide, Monsanto, and Louisiana Power and Light are just a few of Shell's neighbors in St. Charles Parish alone. The Norco community along with other small communities throughout Cancer Alley claim they are victims of corporate environmental/economic racism solicited and condoned by the state's political leaders.

Shell has used the Industrial Property Tax Exemption Program (IPTEP) to their fullest advantage. After the May 1988 explosion (which killed seven workers and injured 48 others), Shell was punished by only one regulatory agency for a mere $3,630. The Occupational Safety and Health Administration cited them for "deficient pipe inspection, insufficient monitoring and testing of the fluids that flowed through the pipeline, and deficient engineering design of the system" (Nauth, 1990). Although their property was clearly damaged due to their own negligence, Shell filed for and received a new IPTEP exemption from the state of Louisiana. Importantly, the $450 million exemption was granted *after* Shell officials announced publicly that their insurance would cover the reconstruction (Nauth, 1990). On top of the IPTEP grant, Shell applied for, received and accepted a $2,500 tax credit for each new employee hired after the explosion. Shell's new employees replaced the seven they killed just months earlier.

Shell's irresponsible behavior and a correspondingly irresponsible response on the part of the Louisiana government throughout Shell's history in the area have made the Diamond community distrustful of both Shell and the Louisiana government. The LDEQ says that, "a spirit of cooperation exists between state government, local government, business, universities, and private citizens in seeking solutions to environmental problems," but many Norco community members feel their interests are forfeited to the interests of Shell and other large corporations in the state.

The community approaches Shell's social responsibility platform with extreme caution and cynicism. In 1998, Shell publicly questioned, "Profits and Principles: Does There Have to be A Choice?" In this statement, they promised to "develop independently verifiable 'accountancy' standards for environmental and social performance" (Shell Web, 1998). These and other corporate efforts to self-regulate are serving corporations well by distracting the attention of community and labor organizers. Ultimately, though, corporately defined and corporately regulated accountability projects fall short of returning control back into the hands of citizens and local governments.

Today, although Shell has "earned" numerous certifications from international standards organizations, they have done very little to actually change their operations. On the morning of Dec. 8, 1998,for example, residents noticed a white mist descending from the Shell plant. This mist induced "throat irritation, nausea, a burning sensation in the eyes and a tightening of facial skin" (Bell, 1998). Residents were directed by Shell personnel to seal themselves inside their homes and wait for the mist to pass. Fourth, fifth and sixth graders were also ordered to "shelter in place" although Shell evacuated schoolchildren in grades K-3. Shell directed the children to cover their mouths with wet paper towels and wait (Bell, 1998).

That afternoon, Shell distributed a flier to the community and a press release to local media saying, "There were no chemical releases to the community" (Shell Handout, 1998). Shell representative Don Baker went on to say, "the system, the way it was designed, was to prevent that [releases into the community] from happening" (Gray, 1999). Independent air samples taken by the community, though, included abnormally high quantities of (among other things) methyl ethyl ketone (MEK), benzene, styrene and toluene. "The December 8th incident was not unique," Margie Richard later told an assembly of LDEQ and EPA officials, "just more tragic proof that residents are not protected from Shell's hazardous operations" (Press Release, 1999).

GRASSROOTS ACTIVISM: THE CONCERNED CITIZENS OF NORCO (CCN)

"Our children are suffering needlessly because local and federal officials are not protecting their right to live in a healthy and safe environment".
--Janice Darensburg, Norco Resident (CCN: "Old Diamond News," Sept. 1998)

Despite their persistence, Richards, Darensburg, and the Concerned Citizens of Norco have enjoyed only modest successes in their battle to hold Shell accountable for their actions. The oil refining process is highly technical and pollution-tracking systems are extremely expensive--it is for these same reasons the EPA and DEQ rely on industry data rather than conduct their own independent testing of refinery systems. To legitimize community health concerns, though, the CCN has had to find *pro-bono* researchers to conduct independent health and pollution surveys.

From the very beginning, then, the odds were stacked against the CCN. With the help of other organizers, however, the CCN are assembling the scientific data they need to prove that pollution from Shell is adversely affecting community health. The Concerned Citizens of Norco have joined an international grassroots movement demanding corporations be held accountable for environmental and social injustices.

The Bucket Brigade has proved to be one of the most empowering tools of the movement. The project began four years ago by Communities for a Better Environment (CBE) to enable neighbors of refineries along the California coast to independently sample their air. Today, CBE has branched out to communities across the U.S. The Norco Bucket Brigade has collected eight samples since 1998, each supplying a piece to the puzzle of what *really* is in Norco's air. The EPA has provided $90,000 to ensure the scientific credibility of tests and pays for the laboratory testing of the samples. Results of the Bucket Brigade (particularly the June 19, 1999 sample) are legitimizing what residents have feared for years: that "there are no good air days in Norco." The June 19th sample, taken on a "normal" day in Norco, detected high levels of nine harmful chemicals (CCN, 1999).

Bucket Brigade results have supplied answers to many community questions but have introduced new ones. The community is still wondering "what is the cumulative effect of breathing air that is constantly riddled with harmful chemicals and what is the impact of exposure to high doses of toxic chemicals on an intermittent basis" (CCN, 1999). Unfortunately, neither EPA nor industry tests have addressed the cumulative effects of long-term, chronic exposure to toxins, nor the risks of exposure to more than one chemical at the same time.

Residents feel they have already tolerated more than their share of burden from Shell's facility. They argue that the only responsible solution is for Shell to buy the community out so that they may relocate to another neighborhood. Pollution from the plant has de-valued residents' property and left community members with little options-- "I feel like I am trapped in a hole with no escape route," said CCN member Janice Campbell (CCN: Old Diamond News, 1998). Residents are concerned over what they see as a forced relocation. "When somebody dies, nobody new moves in. Shell's buying up the neighborhood bit by bit--we'd sell to them too, but they won't give us fair market price" (Richard, Personal Interview, 1999). "Shell is taking over the area" reiterated Juanita Johnson, another CCN member (CCN: Old Diamond News, 1998).

New social movements almost always struggle to legitimize their issue to outside stakeholders. The Concerned Citizens of Norco recognize that legitimization for their relocation effort (or the environmental justice movement at large) is unlikely to come from either the state or the corporate sectors. The CCN are hopeful, however, that federal agencies may intervene to enforce regulatory compliance and aid in a buyout of the community. Representatives from the Environmental Protection Agency and the National Environmental Justice Advisory Council have traveled numerous times to Norco and are currently working to facilitate discussion between the community and Shell.

CONCLUSIONS

This case study of the Shell-Norco facility reveals the complexity of the relationship between corporations, civil society and state governments in Louisiana. Yet if Shell is (as it contends) going to be a leader in global sustainability initiatives, it must first address the very basic accountability problems that continue to persist in its Norco operations.

Ultimately, corporate welfare is intended to encourage certain kinds of behavior. In Louisiana, aid to corporations encourages the destruction and contamination of natural environments and depletes the local tax bases that are supposed to fund social services. Therefore, in this chapter I argued that Louisiana's corporate welfare system is largely responsible for the poor condition of the state's economy. In Chapter Four, I use the framework developed in this chapter to introduce the role of agro-export corporations in the developing world.

CHAPTER FOUR: CORPORATE ACCOUNTABILITY IN COSTA RICA

INTRODUCTION

In this chapter, I examine the interplay between corporations, their employees and government policies in Costa Rica. I begin with an overview of development policies in Costa Rica, highlighting the rebuilding years after the 1980 world economic recession. Specifically, I evaluate the neo-liberal development paradigm as it has influenced the growth of Costa Rica's agro-export industry. Throughout this chapter I evaluate state and corporate policy along three lines: 1) water and environment, 2) worker health and human safety and 3) labor rights.

I include a case study of Del Monte's Pineapple Development Company (PINDECO) in Buenos Aires, Costa Rica. The challenges facing community planners in Longo Mai are representative of the challenges facing development planners around the world. Although the presence of multinational corporations is overwhelmingly apparent in Buenos Aires, the sociological and environmental affects of that presence have not been documented by academic or community historians. This study responds to a need to give place to abstract phenomena like globalization as well as a need to insert real actors of civil society (in this case, individual plantation workers, farmers and upper-level corporate personelle) into regional historiographies.

Although I lived in Longo Mai while conducting my research, the majority of my informants resided in the neighboring community of Buenos Aires. Throughout the region, residents are struggling between a traditional model of development, historically centered around subsistence family farming, and the promises and power of free-market capitalism. I hope to build a framework for understanding a very complex issue by examining it at an international, national and local level. Del Monte is internationally recognized as a powerful corporation, but their presence is felt most heavily at the local level.

THE HISTORY OF AGRO-EXPORT DEVELOPMENT IN COSTA RICA

Costa Rican exceptionalism --political and economic-- has been well researched throughout the disciplines. On both social and economic criteria, Costa Rica easily distinguishes itself from its Latin American neighbors. "Of all the Central American republics," said Charles Howland of the American Council of the Institute of Pacific Relations in 1929, "Costa Rica has been the most tranquil and progressive" (Howland, 1929: 220). "The natural climate of Costa Rica is democracy" proclaimed another researcher twenty years later (Bolandi, 1948: 83-85). Costa Rica's reputation as a progressive, peaceful, democratic society, the "Switzerland of the Americas" (Longley, 1997: 1), came to tremendously influence its history and foreign policy. Yet while Costa Ricans and outsiders alike emphasize its uniqueness, the chronology of Costa Rican development mirrors the pattern of growth throughout Central America.

As with other economies in the region, agricultural production has long been the backbone of Costa Rica's economy. Also like other nations in Latin America, Costa Rica has followed a five general stages of economic development: from an export/import economy (1880-1930), to Import Substitution Industrialization (1930-1960s), through a general period of stagnation (1960s-1980s), onto the debt crises of the 1980s and into the modern period of neo-liberal structural adjustments (emphasizing, once again, export-led growth) (Skidmore and Smith, 1997: 43-61, Beezley and MacLachlan, 2000: 128-152).

Coffee was first cultivated in Costa Rica in the 1880s and rapidly grew to become the country's most important export. With 20% of the agrarian production, coffee remains important in Costa Rica's economy today (second only to bananas at 26%) (SEPSA, 1993). Importantly, the early system of coffee cultivation allowed for "a trade rather than [a] land based oligarchy to dominate local society and politics (Gudmundson, 1990; Paige 1997: 219-271). Coffee barons often left *campesinos* independent in the fields, controlling production through processing rather than cultivation. Under this system, *campesinos* sold their beans to a *beneficio* who processed and sold the good on the international market.[9]

A new division of power was introduced with the spread of the banana industry. Whereas coffee tended to be domestically controlled, large, foreign corporations characterize the banana industry (Clark, 1993: 63). For decades, the United Fruit Company alone controlled every aspect of the Costa Rican banana market including production, internal and external transportation. Foreign banana companies did not even pay taxes until 1910 and remained "truly separate enclaves in the tropical forests" (Pérez-Brignoli 1989: 103).[10]

World War One caused a rippling of economic instability throughout Central America. Costa Rica, like other countries in the region, found their economy in a deep fiscal crisis. In many ways, however, WWI secured Costa Rica's position in the international economy as a producer of primary goods. By the end of the war, bananas and coffee accounted for more than 85% of Costa Rica's export earnings (Wilson, 1998: 27).

If it was WWI that secured Costa Rica's economic positioning, it was certainly the Civil War of 1948 that transformed the state's politics and society. Under the direction of the Partido Liberación Naciónal (PLN), Costa Rica tried to shift economic emphasis away from agriculture and toward rapid industrialization. Early PLN industrialization programs were largely unsuccessful, however, and Costa Rica remained an agrarian economy throughout the 1950s. The years following 1950 did see tremendous agricultural advancements, however, as production processes modernized and crops began to diversify. After WWII, Costa Rica expanded its exports to include sugar and beef. Coffee yields increased during this period by more than 100% per hectacre (Wilson, 1998: 94).

Costa Rica's entry into the Central American Common Market in 1962 "settled the debate" as to how Costa Rica should industrialize (Doryan-Garron, 1988: 19 and Wilson, 1998: 95). Rather than focusing on locally produced raw materials, Costa Rica began a period of heavy importation and investment by foreign firms. A decade of import-substitution industrialization (ISI) programs sparked a period of growth but introduced Costa Rica to unforeseen economic challenges. Tax incentives, fixed exchange rates and a rapidly accumulating foreign debt were all side effects of the ISI/regional integration strategies of the 1960s.

[9] A *campesino* is a peasant; a *beneficio* is a processing plant in which coffee beans are removed from their shells.

[10] Pérez-Brignoli uses this phrase here to refer to the political and economic autonomy enjoyed by foreign corporations in Costa Rica throughout much of the twentieth century. Export taxes were levied on the industry in 1929, 1949 and 1954 but there were no "substantial" levies on the industry until 1974 (Clark, 1993: 67).

1980 marked a turning point in world economics and the turn in Costa Rica was abrupt and painful. A USAID report commented, "no one could have predicted the [extent of the economic crisis] even as recently as five years ago, when the country was enjoying an extraordinary coffee bonanza (Rober Pratt quoted in Wilson, 1997: 51). With the highest debt per capita of any nation in Latin America, Costa Rica was hit especially hard by the crisis. In August of 1981, they were forced to temporarily stop payments on all their foreign debts. The United States responded by funneling over $1 billion in economic aid to Costa Rica during the early and mid-80s (Booth and Walker, 1999: 34).

Economic rebuilding in the last decade has brought Costa Rica full circle back to an agro-export model. Under the slogan "Exportar es Bueno" (It's Good to Export), Costa Rica began an aggressive campaign to promote and diversify their exports (Lara, 1995: 37). Although the PLN says that Costa Rica is "doing structural adjustment Tico style" (Lara, 1995: 39), multilateral loans have effected Costa Ricans just as they have people in most developing nations.[11] Structural adjustment loans through the IMF, the World Bank and the AID all encourage growth based on a nation's comparative advantage in the international market. In Costa Rica, structural adjustment policies (SAPs) translate into policies that encourage the growth nontraditional crops, the labor intensive textile industry and the electronics industry.

Political scientist Mary Clark maintains that although Costa Rica was "pulled into nontraditional export promotion strategies by the U.S. Agency for International Development," they were nevertheless "one of the third world's most successful cases of transition toward an export-led growth strategy in the 1980s" (Clark, 1993: 280; 45). Indeed, the revival of an export-led growth strategy in Costa Rica helped tremendously to stabilize the nation's economy. The structural reforms that accompanied the transition, however, have profoundly altered the sociological landscape of the country. Neo-liberal growth strategies radically transform the cultural and social methods of production in agrarian economies. In Costa Rica, residents are just beginning to feel the stress of (among other things) shrinking social services and a dwindling public sector.

MAKING THE WORLD'S SWEETEST PINEAPPLE: PINDECO AND THE COSTA RICAN STATE GOVERNMENT

"Whenever you're talking about PINDECO, the question is always complicated."
--Jeffry Lopez, AECO (Personal Interview: 1999)

In 1980, Del Monte opened the doors to their Buenos Aires pineapple producing subsidiary (PINDECO: Pineapple Development Company). Del Monte Fresh Produce is the number one supplier of fresh pineapple worldwide, and they export 17 million boxes of pineapple annually (14 small or 6-9 large pineapples per box) from their Buenos Aires plantations alone. Today, the Del Monte corporation exclusively controls almost all Costa Rican agro-exports including pineapple, mango, papaya, chayote and lemon.

Although Costa Rica has diversified its economy extensively since 1948, agricultural production continues to account for the majority of Costa Rican exports. In 1992, agricultural goods constituted 52% of total foreign trade (the manufacturing sector, however, accounted for 46% of export earnings). Traditional exports (coffee, bananas, beef and sugar) continue to represent approximately two-thirds of the total value of agricultural exports. However, non-traditional exports

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[11] Costa Ricans are commonly referred to as "ticans" because they insert the suffix –ica onto nouns. For example, Costa Ricans often say "chiquitica" rather than "chiquita".

(including agricultural products like pineapples) are the largest sector of Costa Rica's economy and the area with the most potential for growth. Of all the non-traditional agricultural exports, pineapples are the most (Zúñiga, 1996: 6).

Concentrated, foreign control of key industries has been a legacy of Costa Rican development for the last 100 years. The United Fruit Company, for one, has had a heavy voice in domestic politics since at least the early twentieth century. As Clark explains it, "the lobbying tactics and pressure politics of the United Fruit Company and the probable identity of the private domestic growers … prevented the Costa Rican government from levying taxes on the banana industry until 1974" (1993: 64).

Corporations in Costa Rica today continue to benefit from state economic policies. Much like the case in Louisiana, state planners in Costa Rica have adopted an array of programs to attract foreign investors. Free trade zones (FTZs), export contracts, and temporary admissions (*maquilas*) are all part of Costa Rica's package to foreign companies. These programs are designed to generate employment; however, critics charge that "jobs [in FTZs or in *maquilas*] are typically low paying, highly unstable and routinized, requiring few skills" (Lara, 1995: 47).

Tributary Savings Certificates (Certificados de Abono Tributario or CAT) have been the most controversial of all Costa Rican "corporate welfare" programs. CATs are extremely generous tax reductions that essentially guarantee corporations the right to repatriate profits from export earnings. By some estimates, CAT costs account for nearly 60% of Costa Rica's fiscal deficit (Franco and Sojo, 1992: 68). The CAT program came under heavy fire throughout the 1980s but it was not until 1992 that the program was terminated. As Clark explains, "the ability [of the private sector] to block the [reform]measure for five years… indicates a substantial increase in the political power of nontraditional exporters vis-à-vis the government and a commitment on the part of the private sector to employ its resources to defend policies favorable to the new exporters" (1993: 290).

Throughout its decades in operation, the CAT program clearly benefited just a few large corporations. Indeed, just 5% of all the companies in Costa Rica received 51% of the total value of CATs distributed (Clark, 1993: 264). In one eighteen month period, for example, PINDECO alone cashed in on nearly 10% of the value of all CATs granted (Lara, 1995).

Today, corporations in Costa Rica enjoy tax exemptions on land, imports, profits and capital transfers. PINDECO, for example, "contributes virtually nothing in the way of direct tax revenue because of the exemptions it receives as a nontraditional exporter" (Clark, 1993: 219). Many Costa Ricans are upset that state dollars (*colones*) are being used to subsidize what are very clearly extremely profitable foreign companies. Del Monte pineapple sales alone generated $300 million in fiscal 1998.[12] Del Monte Foods Company is the largest producer of canned vegetables and fruits in the United States with pro forma net sales of $1.4 billion in fiscal 1998 (Del Monte, 1999).

PINDECO exclusively grows the MD2 (Del Monte Gold) variety of pineapple. "We have dedicated a decade to growing this special pineapple which is twice as sweet as our traditional variety and has four times the vitamin C. It is truly the world´s sweetest pineapple!" reads one advertisement (Del Monte Homepage, 2000). And with Del Monte Gold selling for 30-40% more than other varieties, MD2 is sweet in the pocketbook as well. PINDECO pineapples are exclusively for export--last year, 60% of their pineapples went to the United States and the other 40% to Europe-- but this "changes annually according to who [which trading partner] pays more" (Gonzales, 1999).

Pineapples produce one fruit at the first harvest and will produce fruit subsequently at ten-month intervals. Plant to harvest time for commercially grown pineapples is usually 18-21 months, but in Costa Rica PINDECO has been able to reduce production time to 15 months. Unlike many fruits, pineapple can be harvested year round. The technology that has enabled PINDECO to produce with such consistency and volume is unavailable to the average *campesino*. These technological

[12] This figure includes export revenues from Del Monte's other plantations in Hawaii and the Philippines.

advantages combined with what Del Monte themselves call their competitive strengths: “strong brand name recognition, low cost production advantages, preferred supplier status, extensive national sales and distribution system, and an experienced management team” have secured Del Monte’s position as a corporate giant (DM: 1999).

Agro-export growth has long been a central part of Costa Rican development strategies. Along with other transnational corporations in southwestern Costa Rica, Del Monte has provided the major impetus in transforming self-sufficient communities to ones vulnerable to the fluctuations of the international economic system. Del Monte has also significantly altered the cultural, social, environmental and economic character of Buenos Aires. It is these changes that I address in the following sections.

THE ISO 14001 ACCREDITATION PROCESS: AN INTRODUCTION TO CORPORATE ACCOUNTABILITY PROBLEMS AT PINDECO

As mentioned in Chapter Two, the ISO 14000 label is as much a marketing advantage as it is a management system. Indeed, the week after Standard Fruit Company was granted the ISO 14001 Certificate, PINDECO Chief of Operations Miguel González told the *Tico Times* that, "we will have the certificate by the end of the year” (Weir, 1998). True to his word, PINDECO was accredited in late December of 1998.

As part of the certification, PINDECO has publicly pledged to protect bio-diversity and forests, recycle wastes, and contain all their chemicals. PINDECO’s “Environmental Statement”, Del Monte’s “Corporate Environmental Policy” and “The Company’s Product Protection Plan” all emphasize the company’s commitment to environmental protection and sustainable development. “Two years ago the new owners of Del Monte realized the need to develop in harmony with the environment” said Moralez (Personal Interview, 1999).

As explained by BVQI, Del Monte’s registrar, ISO 14001 is a “tool for businesses to manage their environmental impact . . . these standards are based on achieving compliance with legal requirements, establishing internal environmental policies and procedures to meet defined targets and objectives and continuous improvement” (BVQI, n.d.). Moralez said, "We [PINECO] have always had very good control over all of our activities, we have always been a very responsible company... but everything [we were doing] wasn’t written down. For ISO we just had to organize all of our information, most of it we already had. ISO helped us to organize what we already were doing” (Personal Interview, 1999).

"It is true that our [PINDECO’s] fruit is for export, but many millions of colones stay here in Buenos Aires," he went on.[13] Because PINDECO recognizes that "responsibility for development is not only the responsibility of the government," they have funded infrastructure development and sponsored programs in the public schools. As Mr. Moraléz explains it, “We have a very good relationship with the community...PINDECO always has money to help the community.”

"Twenty years ago Buenos Aires was a small town... much like any other small town, without the possibilities of development," added Moralez. Del Monte style development, though, has significantly altered the social and environmental landscape of Buenos Aires. Old sustenance farmers have been drawn into the plantations, lured by salaries that average 60% above the Costa Rican minimum wage, benefits guaranteed to them by the social security system, and hopes of a

[13] A colon is the basic monetary unit of Costa Rica. In January of 1999, 1 USD= 270 colones.

steady source of income. But the men that work in PINDECO plantations bring home more than paychecks at the end of the day.

Chemicals, as explained to me by the company doctor, Dr. Altamirano, are a "bad necessity" of the pineapple production process. "They´re necessary?" I asked. "Yes, yes, the chemicals are necessary," he replied (Personal Interview, 1999).

A heavy reliance on chemical stimulants is just one of the realities of large-scale mono-culture production. Fruit production is as much of a science as it is a business, and Del Monte’s chemists are leading the way in producing “the sweetest” genetically engineered pineapples. But because each plant has an absolutely identical genetic makeup, crops are extremely vulnerable to pests and diseases. Pesticides are also a “necessity” because PINDECO soils are so overworked they simply will not produce without artificial inputs. As one permaculture student reflected, “the only thing that is natural about PINDECO’s production process is the sun” (Personal Interview, 1999).

ISO 14001 has been central to recent institutional and management changes at PINECO. The program has helped PINDECO develop a “comprehensive management system that balances the use of agrochemicals [with environmental protection], consistent with the need to control pests and disease and the need to maintain production” (PINDECO brochure, n.d.). ISO 14001 has the potential to be a useful tool to improve communications between industries, their employees and the public. However, the shortcomings of the program are numerous.

ISO fails to include any mechanisms for independent, public reviews of the management system or for corporate compliance with the system. By focusing exclusively on the present and future corporation, ISO 14001 essentially ignores the historical dimension of accountability. In the following sections, I address the relationship between PINDECO and their employees, neighbors and the environment. The assessment that follows demonstrates the importance of incorporating historical accountability criteria into all evaluations of corporate behavior.

WATER AND THE ENVIRONMENT AT PINDECO

"If the springs are drying up, it’s not PINDECO's fault."
--Herbert Steinvorth, PINDECO´s Vice-president of Corporate Relations (Weir, 1998)

Plantation agriculture is inherently stressful to natural environments and mono-cropped production at PINDECO has proved no exception. In just over twenty years, PINDECO has seriously altered the environmental landscape of Buenos Aires. Habitat destruction, wildlife disruption and loss of bio-diversity have only intensified as PINDECO has acquired more and more land. In recent years, though, PINDECO has made a valiant effort to set aside areas of their property as forest reserves. Importantly, these efforts have only intensified with the implementation of ISO .

Today, half of PINDECO’s 8,000 hectares of property is currently under cultivation, plus another 426 hectares in rented properties. The remaining acreage is devoted to roads and irrigation systems, less the 3,000 hectares they have preserved as forest/reforestation zones. However, as one local environmentalist commented, “it is difficult to congratulate a company that destroyed almost all of the forests in the region for their conservation efforts” (Personal Interview).

In a brochure distributed to area school children, a cartoon PINDECO pineapple explains that “all the water that is used in the packing house is cleaned before it is dumped in the rivers” (PINDECO Environmental Promise #2, 1999). Angry ranchers downstream, however, maintain that PINDECO habitually dumps contaminated water into the rivers. According to farmers in the region, PINDECO stresses the local water system both in the amount of water it withdraws from rivers (to irrigate their fields) and as well as by the quality of the water it puts back into the rivers. "PINDECO has a gravity-based irrigation system in the Volcán, and it takes out of the river the water it needs and leaves us the rest," said one rancher (Weir, 1998). "This year, [the River] La Maura dried up completely in the summer." "We don't know how many more years we've got until our river [Rio Sonador] dries up," said Wade Moore, a farmer in Longo Mai. Though the Moores have stopped taking their drinking water from Rio Sonador because they are "afraid of contamination," they continue to depend on it to power their hydroelectric generator. When rivers dry up, small farmers are left without water for their families, live-stock or crops.

Area farmers also charge that PINDECO does not respect the forest margins and have observed that both the Rio La Maura and Volcán are getting muddy from the company bulldozing too close to riverbanks. But Mr. Steinvorth told *The Tico Times* that, "the muddied waters are due to seasonal rains, which bring down vegetable material" (Weir, 1998). He went on to dismiss any responsibility for erosion, saying, "the problem of erosion is due fundamentally to the lack of protection on the riverbanks. We are taking measures in this sense, including reforesting and protecting watersheds, unlike the other farmers in the zone."

PINDECO AND HUMAN HEALTH

"They [PINDECO] poison people then they leave them without a pension, without anything... without a way to live"
--Ex-PINDECO Worker (Personal Interview, 1999)

Neither PINDECO nor Del Monte have any specific policies related to worker health or safety although they do promise to "meet or exceed the requirements of relevant laws, regulations, and codes of practice (DM, Environmental Promise #1, 1999). However, as part of the ISO 14001 certification process, in late 1998 PINDECO launched an aggressive worker education program. Through this education program, PINDECO claims to have successfully reduced both the amount and severity of work related accidents and illnesses (Altamirano, 1999). What the company doctor, Dr. Altamirano,[14] said were the most common types of infirmities within the clinic (respiratory infections and hand and feet injuries) I found to be the most common ailments outside of the company as well.[15]

Many ex-workers also suffer from damaged spinal cords and lower back problems, most likely the result of years of working in the packing house. Workers do not have spinal problems anymore, the doctor said, because "when I came here (seven and one half years ago) I noticed that the packing house tables were above arm's reach--workers were spending eight or more hours a day with their hands (above chest level)... I noticed this and so we lowered the tables. Now we don't have those type of problems."

Indeed, none of the present PINDECO workers I interviewed reported back problems. Several complained of respiratory infections but reported that they were being closely monitored by the company health clinic. Workers in the clinic all emphasized that "none of [their] problems were serious" (Personal Interviews). Based on responses during my interviews, it seems that the bulk of health-related illnesses at PINDECO are concentrated in the ex-worker population of Buenos Aires. My interviews brought out repeated complaints of misdiagnoses by the company doctor. Many interviewees also charged that they were fired when work-related injuries began to interfere with their ability to perform at the plant.

[14] Dr. Altamirano is a full-time PINDECO employee and exclusively treats PINDECO employees and their immediate family members.
[15] According to Dr. Altamirano, most of the hands and foot injuries are sports related.

Maria, for example, did receive a liquidación (a kind of severance pay) of 400 thousand colones ($1,424 USD) when she was fired from PINDECO. However, the settlement was not even enough to cover her medical bills, let alone support her family now that she is unable to perform manual labor. Today, Maria suffers spinal pains so severe she cannot even work around the house. “The company doctor said I was fine,” she remembers.

Carlos recalls a similar misdiagnoses by the company doctor. When Carlos first noticed the rash on his skin, he, too, went to the company doctor for help. He remembers that, “I had faith that I was going to be cured, but the rash kept expanding. The doctor [Dr. Altamirano] prescribed me pills and would tell me that this wasn't anything and I was going to be fine.” Carlos worked for PINDECO on three occasions, always in the pesticide application division. “Sometimes we didn't use the protective equipment because it was wet, very dirty or because we didn’t have enough time,” he said. Juan, who worked almost nine years applying pesticides at PINDECO, likewise remembered that, "they do nothing but give you a bomb and say, here, take this."

Carlos continues, "once in a while they'd give us medical exams. We'd go to Dr. Altamirano, he'd take our blood and in three days we'd return and we'd ask him, 'Dr., how are we?' and he'd tell use, 'Eh, you're like a bull.' 'You're like a kid,' he said. 'You're better than me.' This I never forget. But in reality one never knew what happened, we were always a little doubtful... because the doctor works for the company." Today, Carlos’s skin disease has spread over his entire body, and he struggles to pay for private medical attention. “I was fired when I needed them most,” he said.

Marcel’s twelve years at PINDECO also left him with skin problems. Marcel lost the pigmentation of his skin and can no longer be exposed to the sun. Dr. Altamirano correctly diagnosed his condition and told him that he could no longer work with chemicals. After three months in another division, Marcel was fired. Marcel said he “never received information about what type of substances [he] had contact with.” Most frustrating to Carlos, however, is that the company has refused to rehire him. "No company is going to want me now that I have problems with the chemicals, but I cannot find other work...To hire me would be a risk for the company” (AECO, 1999).

Francisco also knows about “company risks.” Francisco was fired from PINDECO after he suffered a blow to the spinal cord. Francisco worked for four years sowing seeds, but when he would throw the sacs of seed over his shoulder, “the liquid they put on the seeds dripped onto [his] body.” Francisco’s suspicions that he contaminated his own six year old son, who has cancer, were partially confirmed by Dr. Barrantes (at the Perez Children's Hospital) who told him that “where [he] lives they use lots of chemicals to ripen the pineapples and that this could have made [his] son sick.”

Other children in the area are sick as well. Though Mr. Gonzales told me that all workers bathe and change clothes after applying pesticides, there are many sick women and children in Buenos Aires who feel PINDECO’s bathing precautions are not enough to prevent chemicals from making it into homes.

Many women testified that spontaneous abortions, birthing defects, and miscarriages as late as the third trimester are common among women in Buenos Aires. Cristina, for example, has had two miscarriages, one at three and one half months, and the other at five months. "We [she and her husband] can´t tell if it was directly because of PINDECO. There is a lot of contamination here, though -- on whatever side you look, you have something that will hurt you...There are so many questions that none of us are going to be able to answer,” she said.

Juanita shares her confusion. Juanita is now pregnant, but after having one still-born child she fears for the health of her new child. “In the evenings my nerves come in and I don’t know how I will calm myself down this time... I am pregnant again but I don’t know what is going to happen this time," she said. She, too, suspects that she was contaminated by her husband, who has worked in the packing house for ten years. “I was so happy when I got pregnant [the first time],” she remembers, “and the baby’s death was a very hard blow... All the hopes I had, nine months of hopes, and then to have something like this happen...The doctor says that I have to be calm, but how can I? In the night I wake up with nightmares."

It is extremely difficult to scientifically link diseases (especially fetal and prenatal abnormalities) to one point source. Dr. Danilo Defranco, a San Jose pediatrition, is helping to fill in that information gap. Dr. Defranco is in the middle of a 10-year study of neural tube defects (an abnormality in the spinal cord that occurs in the first month of pregnancy). "Buenos Aires has a higher level of these types of birth defects than the rest of the Brunca area," he said (Weir, 1998).

Many residents believe that PINDECO chemicals affect Buenos Aires children not only in the womb, but also after birth. During the dry season, contaminated dust blows freely from PINDECO's plantations into neighboring homes. "When we hear the trucks coming, we forget all about breakfast," explained Helena, one of PINDECO's neighbors. "We have to close up everything because if the chemicals get in through the windows they'll contaminate the food." PINDECO trucks spray water to keep the dust down, but ex-workers say that the same tanks that hold water are also used to store chemicals. Children with sensitive and developing respiratory systems are most effected by air-born contaminants. Julia, a Buenos Aires teacher said that she, "sees a lot of rashes, gall bladder problems, asthma and allergies" in the children at her school (AECO, 1999).

PINDECO AND 'ORGANIZED' LABOR: A MODEL OF SOLIDARISMO

"The Solidarity Association is independent of the company directly-- indirectly, yes, there´s contact...It is categorically prohibited to form [an independent] union in the company. If PINDECO hears that somebody mentioned the word union, they're fired immediately."
--Ex-PINDECO worker (Personal Interview, 1999)

Complaints from U.S. unions protesting preferences for Costa Rican imports has helped to get strict labor laws on the books. Yet while the formal rights of workers in Costa Rica are relatively generous, in practice, existing laws do not always work to their benefit. Worker advocacy groups in Costa Rica charge that national labor laws are often not respected by powerful corporations, many who use their financial and political power to buy legal immunity. Maria, who was fired from the packing house, said she did not take her case to the Ministry of Labor because "the laws are for the people that have money; if you do not have money, if you're poor, the laws don't apply."

Solidarismo, Costa Rica's unique philosophy on labor relations, was formulated and set into practice in 1947. It was "designed as an alternative to class confrontation, unionism and collective bargaining: Solidarismo conceives of the company as an ethical economic association and private property as a keystone of society that fulfills the social objective of redistribution. Thus, the application of solidarista principles to business results from an understanding of the company as an expression of the harmonious relation between capital and labor" (Ministry of Planning and Economic Policy, quoted in Lara, 1995: 86).

Solidarismo has been heralded as "the most original and significant ideological Latin American contribution to the West" (Winsor, 1986). Although there has been a fairly successful effort to spread solidarista philosophies (there are solidarista programs throughout Central America as well as in South Africa and the Philippines), the program has come under harsh criticism from international labor activists.

The International Confederation of Free Trade Unions (ICFTU), a social-democratic organization of which AFL-CIO is a member, has been a vocal critic of solidarismo. ICFTU charges that solidarista associations violate International Labor Organization (ILO) standards particularly with respect to worker's rights to collective bargaining and union membership. As international labor activist Diego Lowe said, “A union that does not have union contracts nor the rights to bargain collectively is not really a union” (Personal Interview, 1999).

In a move aggressively criticized by organized labor, Costa Rica’s Legislative Assembly approved a law (in 1984) that granted solidarista associations the right to integrate all capital interactions between employees and corporations. This law essentially granted solidarista associations complete jurisdiction over all investment, savings and credit operations. At PINDECO, for example, union dues are taken straight out of worker’s paychecks (5% of total pay) and then matched by the company.

Today the solidarity association at PINDECO exists not as an outside agitator, but as an integrated evaluator of the corporation. Explained in the company magazine *El Pionero* as a concept which “refers not only to workers themselves but to harmonious and respectful relationships between the worker and the company,” solidarismo “extends itself to all members of the company, subordinates and superiors and defines itself as an activity physical as well as mental and not just a manual activity or a contract; it is a means of personal economic and social development. In the same way, solidarity integrates family, work, the company and society” (El Pionero, 9th Year: 62).

To its critics, however, solidarismo remains an “industry-front to mask exploitative labor practices” (Personal Interview). Solidarista organizations have been criticized throughout Central America for firing workers that attempt to organize independent unions. One ex-PINDECO employee remembers that, “I was a good worker...they didn’t want to do it, but when they found out I was talking about a syndicated union, they fired me. They fired the seven other people [that were organizing] too.” Now, “all I want is to have work again. One day I went back and they rehired me, but the next day they pulled me out at 9:00 a.m. and told me to leave because I was on the black list”[16] (Personal Interview, 1999).

As the only employer in the area, PINDECO has created a cycle of dependency whereby families are forced to accept PINDECO’s terms and conditions of employment. The majority of the 2,300 jobs at PINDECO (2,000 of which are permanent) are labor-intensive, dangerous and, in the long-term, often times fatal. Unorganized workers have little bargaining power against a corporation as resourceful as PINDECO and the solidarista association has done little to ameliorate the power disunion. “There just are no jobs outside of PINDECO,” said one informant whose mother was incapacitated from injuries suffered on the job, but whose husband continues to work at the plantation. “If we didn’t have PINDECO,” she told me, “our town [Buenos Aires] would be dead” (Personal Interview, 1999).

Of all the sick/injured workers I spoke with, not a single one was currently employed by the company. One ex-PINDECO worker said that, “when PINDECO feels that a worker has been incapacitated from some illness the first thing they do is fire them because they know that it's their fault and they don't want anyone else to be able to see the problem” (Personal Interview, 1999). Several workers told me that they had been fired without just cause so that the company could avoid paying them their *liquidación*. According to other ex-workers I interviewed, PINDECO made up lies about their work habits or framed them stealing so the company could fire them without pay.

While undoubtedly some of my informants exaggerated or manipulated their stories, evidence of PINDECO violations (with respect to state labor standards, Costa Rican environmental policies as well as independent corporate standards) seems too outstanding and consistent to ignore. The fact that employees who had never had contact with each other repeated similar stories to me is a testament of tremendous strength on the side of PINDECO cavilers.

[16] According to union organizers, large companies often keep “black lists” of “problem employees. Black lists are often shared between plantation managers and even between different companies, making it next to impossible for workers to find employment after they have been “marked”. Union organizers feel that the threat of getting black listed scares many workers from speaking out about issues.

EL FRENTE DE LUCHA CONTRA LA CONTAMINACIÓN DE PINDECO

"The big corporations, our clients, are scared shitless of the environmental movement. They sense that there's a majority out there and that the emotions are all on the other side--if they can be heard. They think the politicians are going to yield to the emotions. I think the corporations are wrong about that. I think the companies will have to give in only at insignificant levels. Because the companies are too strong, they're the establishment. The environmentalists are going to have to be like the mob in the square in Romania before they prevail."
--Frank Mankiewics, Public Relations Executive quoted in Greide, 1995

If the above quote is true, El Frente de Lucha Contra la Contaminación de PINDECO (The Front in The Struggle Against PINDECO Pollution) is trying hard to rally the mob. Organized in early 1999 by area farmers, El Frente is the first and only PINDECO opposition group. They are currently receiving technical assistance from the Union de Amigos Para La Protecion del Ambiente (Union of Friends for the Protection of the Environment: UNAPROA) as well as the Associación Ecologico Costaricense (Costa Rican Ecological Association: AECO) and are remarkable well organized. The group is rapidly expanding its membership, drawing in the support of the Catholic Church as well as former and present PINDECO workers.

El Frente is trying to work within the existing Costa Rican justice system to bring about change. The group has opened up communications with PINDECO and formally outlined their complaints through a series of written correspondences. One resident filed a *denuncio* (formal complaint) about PINDECO's draining and rerouting of the rivers. El Frente is presently in the process of brainstorming strategies to persuade the Costa Rican government to mandate PINDECO compliance with existing environmental and labor laws.

The group has also been publishing a collection of articles and testimonials about the contamination at PINDECO. Their monthly newspaper, *El Picuda* (named after a PINDECO's primary agricultural pest, a bull weavil), tries to recruit new members by making available educational and institutional assistance.

El Frente feels that PINDECO violations are evident, quantifiable, and directly threatening the livelihood of surrounding communities. El Frente is challenging PINDECO to live up to their promise to "work cooperatively with responsible outside organizations, suppliers and [their] customers to improve [their] abilities to protect the environment" (Del Monte Corporate Environmental Policy, n.d.). Internationally, grassroots organizations are one of the most important forces pushing corporations toward more sustainable operations. In Costa Rica, El Frente is leading a regional community initiative to begin a dialogue with PINDECO.

CONCLUSIONS

The concerns voiced by El Frente against pollution at PINDECO are very similar to the challenges raised by the Concerned Citizens of Norco against the Shell corporation. In the developing world, however, domestic and industry-specific environmental standards are often not as strict as those in heavily industrialized nations. In this context, PINDECO's advances (largely through the ISO 14000 program) toward becoming a more sustainable corporation are particularly noticeable. However, my interviewees (including PINDECO administration and employees) all emphasized that PINDECO remains in the infant stages of becoming an environmentally sustainable corporation. In the following chapter, I place the challenges facing development planners in Costa Rica in context by examining them against prospects for change in Louisiana.

CHAPTER FIVE: ANALYSIS AND CONCLUSIONS

INTRODUCTION

Throughout this paper I have examined historic and modern-day interactions between corporations, the state and civil society. I compared the role of one corporate sector in Costa Rica and Louisiana, and concluded that corporations (more than any other stakeholder) play the central role in the creation of development policies in both places. We saw in these case studies that the negative externalities of development appear to be almost exclusively transferred to the environment and lower class population in both Costa Rica and Louisiana.

The neo-liberal development strategies at work in Louisiana and Costa Rica have yet to address serious economic and environmental justice issues. State development models in Costa Rica and Louisiana seem to legitimize a system of exchanges that reward large corporations and local elites and penalize the poor and the environment. Under this system, neighbors of industrial facilities continue to unjustly bear a disproportionate share of the costs externalized by Louisiana's polluting industries. Similarly in Costa Rica, plantation labors and small farmers absorb the brunt of the externalities from agro-export industries. The inequities inherent in the present development paradigm (a paradigm common to both Costa Rica and Louisiana) are just beginning to be publicly addressed.

The battle over reform will be fought by primarily three coalitions of stakeholders: politicians, corporations, and civil society. Throughout this chapter, I examine the interplay between these stakeholders and draw together the data presented in Chapters Two, Three and Four. Specifically, I link my case studies from Costa Rica and Louisiana to larger phenomena like economic globalization. I compare and contrast state, corporate and community-level development ideology as it has emerged in Louisiana and Costa Rica.

In this chapter, I address the apparent disconnection between corporate policies and corporate practices and critique the current international corporate accountability system. I set forth the strengths and weaknesses of competing development paradigms and outline ways in which community leaders at each of my study sites are beginning to challenge the dominant development paradigm. I conclude with a few reflections and prospects for the future.

CORPORATE POLICIES VS. CORPORATE PRACTICES: IMAGE AND REALITY

My research corroborates the grave discrepancy between image and reality that continues to persist in the international promotion of development paradigms. The disconnection between corporate (as well as state) policies and practices is evident at the local, state and international levels. The promotion of false images serves to distract public attention away from fundamental challenges to elite ideology. In this way, powerful stakeholders create a false sense of security for the public by legitimizing initiatives that are socially and ecologically dangerous.

The “Tropical Paradise” illusion in Costa Rica serves a similar purpose as the “Sportsman’s Paradise” illusion in Louisiana. These images distort and conceal ecological realities: Costa Rica has the highest rate of deforestation in all of Latin America while Louisiana's pollution rates are amongst the highest in all the United States. In both places, a lack of environmental enforcement only complicates the paradox.

The popularization of sustainability concepts has introduced another debate about the use of environmental rhetoric by corporations and government representatives. Many environmentalists charge that corporations are promoting sustainability only for its marketing and image value. As Greenpeace explains it, "while the rhetoric is pretty, practice hasn't yet changed enough… new rhetoric and the acknowledgement of relatively superficial problems in voluntary codes divert attention from the fundamental environmental issue: products such as nuclear reactors and toxic chemicals form the life blood of many transnational corporations" (Greer and Bruno, 1996: 33).

People like Paul Hawken are trying to reckon what is quickly becoming two polarized sides of the sustainability debate. Hawken insists (rightly so) that businesses must remain a central part of sustainability dialogues. Hawken prescribes that sustainable businesses "1) replace nationally and internationally produced items with products created locally and regionally, 2) take responsibility for the effects they have on the natural world, 3) do not require exotic sources of capital in order to develop and grow, 4) engage in production processes that are human, worthy, dignified and intrinsically satisfying, 5) create objects of durability and long-term utility whose ultimate use or disposition will not be harmful to future generations, and 6) change consumers to customers through education" (Hawken, 1993: 144).

It is in examining frameworks such as Hawken's (particularly criteria one and five) that the idea of a sustainable Shell or a sustainable Del Monte first become problematic. How sustainable is global oil consumption? Is there even room in sustainability for mono-culture agricultural production? The corporate sustainability platform does not include any commitments to encourage local ownership of the means of production nor any promises to address the sustainability of capitalism itself.[17] Rather, the corporate sustainability model contends that global equity issues can be resolved through increased corporate involvement in the public sphere.

My concept of economic sustainability (and the one I have used throughout this thesis) necessitates not only micro-level changes at individual facilities but a global reconfiguration of the very structure of commerce itself. I have serious doubts that any oil refinery, no matter how advanced their technology, will ever be environmentally or economically sustainable. The prospects of achieving true sustainability are equally problematic for chemically-dependent agro-export industries.

My point of contention, though, is not that corporations should not be talking about greening their operations but rather that, in the process of becoming more sustainable, corporations should not be promoting false concepts/images to the public. Results from my research point to a disturbing disconnection between corporate policy and corporate practices at both PINDECO and Shell-Norco.

For example, although PINDECO says they will "meet or exceed the requirements of relevant laws, regulations and codes of practice regarding responsible environmental stewardship" they continue to insist that heavy pesticides and fertilizers are "necessary" for production (DM, Env. Protection, 2000; Altamirano Interview, 1999). Indeed, it is more cost-efficient to use "procedures that minimize the risk of pesticide residues" rather than eliminate the residues all together (Product Protection Plan, 1999). Organic producers like TropOrganics, however, are working challenges to Del Monte's claim that chemical inputs are necessary for economically efficient production.

Shell, meanwhile, promises "to express support for fundamental human rights in line with the legitimate role of business and to give proper regard to health, safety and the environment consistent with [their] commitment to contribute to sustainable development" (Shell, Business Principals, 2000). In just the last two years, however, social and environmental justice activists from

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[17] I refer to a corporate sustainability platform as outlined by the Business Council for Sustainable Development in Changing Course (1992).

Nigeria to Norco have brought to the public eye several cases contending that Shell (and the growth paradigm they promote worldwide) systematically violates basic human rights.[18] In New Orleans, Shell representatives consistently misrepresent the CCN struggle, insisting that Shell has a "high overall favorability rating with the Norco community" (Swerczek, 1999). Jim Kimes, Norco Shell Chemical Plant Manager, reported to the press in March of 2000 that "the Norco communtiy has an overwhelmingly favorable impression of the Shell complex" (Swerczek, 2000).[19]

In their Business Principals, both Shell and Del Monte recognize that they do have a responsibility to shareholders, customers, employees, and society. However, in Norco, Louisiana, Shell officials continue to deny responsibility for air pollution and community health problems. Similarly in Costa Rica, PINDECO continues to consistently violate Costa Rican law as well as their own policies by irresponsibly managing the handling and application of their chemicals, ignoring existing labor laws and denying responsibility for regional environmental damage.

This critique of corporate conduct should in no way take away from what I consider to be a very promising development in the international environmental arena: the emergence of sustainability discourse from within the corporate sector themselves. Rather, my intent has been to demonstrate the need for stronger mechanisms (local and international) to ensure that corporations are accountable 1) to the laws and regulations of the countries in which they do business and 2) to their own codes of conduct and the promises they make to the public. Because they are non-binding, self-directed corporate codes of conduct and other voluntary policies fall short of effectively regulating corporate behavior. In both Costa Rica and Louisiana there seems to be a radical separation between, on the one hand, information that corporations and the government report to the public and, on the other, the data concerning the integrity of their actual practices. If Shell and Del Monte are, as they contend, going to be leaders in global sustainability initiatives they must first address the very basic accountability problems that continue to persist in their operations throughout the world.

CROSS BORDER ACTIVISM: EL FRENTE AND THE CCN

Because corporations have internationalized their operations, there is a growing recognition that effective community activism must also evolve beyond official community lines. At both my research sites organized, grassroots community groups are challenging corporate neighbors to honor their health, safety and management policies. In this section, I outline and compare efforts by both El Frente and the Concerned Citizens of Norco (CCN) to internationalize community activism and develop cross-border linkages with other NGOs. Today, the CCN and El Frente are two critical forces pushing Shell-Norco and PINDECO toward more sustainable operations.

Although there is certainly an environmental dimension to their concerns, El Frente and the CCN are better described as civil rights organizations. Both are deeply concerned with what they see to be a global system of inequality and injustice. The members of the CCN seemed to have a greater sense of international politics and economics than the members of El Frente; however, the concerns of both groups clearly transcended those of their immediate environment. In interviews, community members at both sites often mentioned the global dimension of human rights struggles and the need for more globalized citizen activism.

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[18] For more information on the Nigeria case, see Project Underground at www.moles.org/ProjectUnderground/motherlode/shell/nig.html.

[19] Kimes' statement may be correct since he is referring to the entire Norco population (many of whom represent middle management Norco), not the 1,ooo or so residents in the Diamond Plantation area.

Both community groups are aware that a successful sustainability movement must incorporate the power of workers, community members, the government, consumers and competitors. Yet while there is a shared ideology between activists at both my research sites, their strategies and visions are much different. The CCN is older, more organized and disposed to greater resources than El Frente. By contrast, El Frente is young, relatively inexperienced, and struggling to establish regional/international contacts.

In addition to active participation by local community members, the CCN receive assistance from several local and national non-governmental organizations including the Sierra Club, Xavier University Deep South Center For Environmental Justice, the Earthjustice Legal Defense Fund and Greenpeace. The CCN struggle is almost exclusively centered around the people of the Diamond Plantation area of Norco. El Frente, by contrast, represents a more diverse assemblage of people (the presence of regional farmers is perhaps the most notable). Also, while the CCN do not have support from any Shell employees, a substantial proportion of El Frente's membership is comprised of either present or former PINDECO employees.

The most important difference between the CCN and El Frente concerns the span of their vision for their communities. Although members of the CCN have more access to information and resources, members of El Frente have a far more progressive vision of community development. The CCN is primarily concerned with community health and relocation; the larger implications of Shell's operations (global warming, international oil extraction and energy consumption) have never been addressed by the group. El Frente, by contrast, is already incorporating stakeholders who are actively challenging the fundamental undercurrents of development at PINDECO.

CHALLENGES TO CONTEMPORARY DEVELOPMENT IDEOLOGY: LEAN and TROPORGANICS

In this section, I explore two alternatives to the dominant development paradigm that have arisen from community organizations in Louisiana and Costa Rica. The first, the Costa Rican company TropOrganics, is a working example of a sustainable pineapple-exporting corporation. The other, the Louisiana Environmental Action Network (LEAN), is an umbrella organization representing over one-hundred community groups in Louisiana. Collectively, these organizations are helping to bring about a change of consciousness and renew faith in an alternative means of sustenance.

Like PINDECO, TropOrganics has brought jobs and capital into a small community. TropOrganics, however, is a working example of a corporation that has truly balanced environmental preservation with the needs to make profits. As an organic producer, the company is "willing to sacrifice production for quality" (Personal Interview 1999). According to two ex-PINDECO workers, the biggest difference between the two operations is "the way we [the workers] are treated...John and Kjersten [Van Horn, the owners] know us and they both treat us well." John, helping the couple to pack up the pineapples, said, "You can see that our people are comfortable working here. It means a lot to see the owners with you, sweating...I have their faith and confidence and I've earned it...we´re friends" (Personal Interview: 1999)

By controlling one niche of the pineapple market, alternative growers have already started putting a limited amount of pressure on traditional producers like PINDECO. TropOrganics is hoping to fill a niche in a growing independent organic market—a niche in which chemically dependent producers like PINDECO simply cannot compete. In the future, Kjersten and John would like to help local farmers export organic coffee directly to the U.S. "We´d like this area to be known as Organic Valley," said Kjersten. Kjersten and John hope to empower local people by teaching them to manage and use their land sustainably.

Likewise in Louisiana, several NGOs are trying to create new opportunities for small communities and small businesspeople. Along with university and private-sector representatives, LEAN received a Ford Foundation several years ago to begin developing an alternative economic development strategy for the state. Paul Templet of Louisiana State University is the Project Administrator and is aided by Ernie Nieme, an economic advisor from Oregon. Amy Clipp, a private consultant out of New Orleans, has been charged with creating a "green" Chamber of Commerce to increase customer bases within green businesses, encourage other businesses to go green and ultimately influence state policy. Their research is of extreme importance to environmental activists and development planners throughout the state as it moves beyond ideological criticisms to offer working solutions to regional environmental and social problems. Together, these people are successfully challenging the dominant development paradigm and debunking myths about Louisiana's economy.

Central to alternative growth strategies in Louisiana and Costa Rica is a shift away from a corporate control of state economic policies and toward a system based on *local* control of *local* development strategies by *local* people and *local* businesses. Small businesses have helped remediate economic crises throughout America and there is good reason to believe they would benefit Louisiana and Costa Rica as well. Small businesses have already helped Louisiana state employment figures--in the five years since 1990, 60% of all new jobs in Louisiana were created by firms with less than 100 employees (Dole: 1998).

PROSPECTS FOR CHANGE

Throughout this paper, I have demonstrated that Louisiana and Costa Rica today face strikingly similar challenges to development. In Louisiana, environmental protection has been and still is perceived to be the enemy of economic growth rather than an essential prerequisite to growth and the creation of new jobs. Today, a full 61% of all tax breaks in Louisiana are funneled into the petrochemical industry (Templet: 1997). These rewards and other government incentives to big businesses have inhibited the growth of other sectors of the economy and have kept Louisiana dependent on a fundamentally flawed development model.

Similarly in Costa Rica, state planners have bought into a development paradigm that poses a severe and immediate threat to the nation's poor and the environment. In the words of Costa Rican sociologist Silvia Lara, "By all indications, the Costa Rican state has not yet charted a policy course that genuinely aims to close the growing gap between rich and poor. The principal challenge is how to integrate economic growth with social development in such a way that humanist concerns are not made a subsidiary and subordinate component of economic policy. Clearly neoliberal economics have been unable to achieve such a balance…" (Lara, 1995: 71).

As structural adjustment policies reconfigure the nation's economic landscape, private enterprises continue to displace Costa Rica's once-strong public sector. *Campesino* ownership of land, long a backbone of Costa Rican stability, is today being replaced by corporate control of state resources. Economic liberalization has resulted in rising inflation rates and a soaring external debt. Export growth, while strong and rising, has yet to surpass import figures.

In both Costa Rica and Louisiana, neo-liberal growth models have perpetuated the division between social and racial classes and contributed to dwindling health, employment and educational services. If state policy makers are to successfully address these challenges, they must begin a shift away from locational incentives and toward entrepreneurial strategies, emphasizing empowerment and localized control over state resources.

Push for economic reforms will undoubtedly continue to come from an increasingly well-networked coalition of environmental groups, labor activists, small business leaders and progressive economists. Despite recent efforts to "green" production processes, corporations are unlikely to provide meaningful leadership in the movement toward real sustainability. Corporate environmentalism should be approached cautiously by policy makers; regardless of what may well be honorable intentions on the part of corporate planners, individuals within the corporate system are rigidly limited by the structure, momentum and goals of the capitalist growth machine itself.

State and national governments, acting as representatives *of the people*, have an essential role to play in the development of a more equitable development paradigm for the both Costa Rica and Louisiana. In many ways Kenneth Thomas of the University of Missouri was correct in commenting that, "states are prisoners of a situation where they'd all be better off if they offered fewer incentives, or none at all" (Nauth: 1990). Yet states (nations) are not prisoners; just as they created the current economic system they can reform it.

Economic development strategies should not be unilaterally determined in the private sector. Decisions on state growth, like all policies that affect a broad array of stakeholders, should be democratically developed and implemented by civil society at large. Business leaders should not be discounted by grassroots sustainability organizers, however -- businesses indeed have an unquestionably important role to play in the sustainability movement. However, corporations should participate in the sustainability movement not as its imperious chieftain but as one stakeholder, along side the public and local governments.

Ultimately, corporate accountability means more than responsibility to investors-- it also entails company responsibility to employees, the environment, and surrounding communities. Corporate-defined and internally regulated accountability projects have some potential to affect change but ultimately fall short of returning control back into the hands of citizens and local governments. A truly accountable corporation, however, *by definition* is an environmentally sustainable corporation as well. And corporations like Del Monte and Shell/Motiva have a long way to go to become environmentally sustainable.

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