The global capitalist corporation as a modern scapegoat: Corporate Social Responsibility and the containment of societal violence

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Abstract (121 words)

This paper proposes a novel reading of the spread of practices being championed under the *Corporate Social Responsibility* banner. Our analysis, building on anthropologist René Girard's work, is that the trend reflects efforts by globalized capitalist corporations to escape a scapegoating mechanism that could ultimately oust them from society. The starting point is an investigative framework cross-analyzing externality theory with the concept of reciprocal violence as theorized in Girard's work. We show how negative externalities can trigger cycles of reciprocal violence between firms and their stakeholders. Scapegoating emerges as the last social rampart for regulating system-endemic violence as stakeholders grow increasingly sensitive to the externalities that threaten to overwhelm contemporary governance mechanisms.

Keywords: negative externalities, risk society, Fordist/post-Fordist governance, globalized capitalist firms, reciprocal violence, scapegoat.

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"*Exchanges are peacefully resolved wars, and wars are the result of unsuccessful transactions*" (Mauss, 1969: 67)

Introduction

A growing number of countries are witnessing mounting social demand for greater responsibilities from globalized capitalist corporations (Kaplan & Levy, 2008; Scherer & Palazzo, 2011, forthcoming; Sklair, 2002). Governments and societies from high-income economies worldwide are hunting for new governance policies and principle-sets capable of providing a platform for sustainable economic development – a target that has not yet been couched in practical terms (Albareda, Lozano, & Ysa, 2007; González & Martinez, 2004). What is surprising is that the big corporations themselves are endorsing and deploying initiatives designed to step up their social and environmental responsibilities. Corporations are being outfitted with their own 'arsenal' to meet these new challenges, with business support functions dedicated to sustainable development issues, social responsibility charters being signed, stakeholder agreements being co-negotiated, social and environmental auditing policies being deployed. This situation, if not quite groundbreaking (Carroll, 2008; Heald, 1970; Vogel, 1978), is sufficiently out-of-script to warrant a stop and take a deeper look a what could be driving firms to so visibly advocate an increase to their own responsibilities.

Indeed, within the space of just years, corporations appear to have made a wholesale about-turn, and are now championing the need for greater accountability on social responsibility. Back in the 1970s, Friedman lobbied for corporate social and environmental responsibility to be kept down to a strictly minimal legal baseline (Milton Friedman, 1970). Now, forty years on, the situation has changed beyond recognition. Businesses themselves are erasing the boundaries between economic and social responsibility (Shamir, 2008). Although consciously endorsed and defended, this disappearance of any clear dividing line between the two spheres of responsibility throws up a number of difficulties – both in practice and in theory – not least since any firm that moves to operationally internalize social and environmental factors will inevitably bear short-term transaction and/or organizational costs that can only partially be offset by the market (McWilliams & Siegel, 2001; Vogel, 2005). Indeed, if there was a win-win mechanism enabling consumers and/or shareholders to offset the spillover costs tied to internalizing social responsibilities, then the social and environmental demands of stakeholder would long since have been absorbed into the market – thereby making governance a non-issue. This paradox is compounded by an apparent contradiction in terms: corporations who start integrating social and environmental costs are also claiming the move will deliver optimal performance for shareholders. This means that the creation of economic value, rather than being relegated to the back seat, is actually being positively asserted through the introduction of governance structures that safeguard the primacy of shareholders maximization in value capture (Palpacuer, 2008). Firms then find themselves in a strangely unstable position, asserting that economic primacy holds sway over social responsibility while simultaneously claiming the dividing line between the two spheres has been erased.

The aim of this article is to understand what is prompting globalized capitalist corporations to openly endorse increasing the scope of their responsibilities in both time and space. We tackle this issue through an original analytical framework bridging externality theory with the concept of reciprocal violence developed by French anthropologist René Girard. The thesis defended here takes the stance that corporate commitment to greater responsibility reflects a tactical attempt to dodge and parry the violence generated in response to the negative externalities offloaded onto their stakeholders. Fuelling this reaction is the fact that western modern societies are becoming increasingly sensitive to negative externalities generated by corporations, sparking an escalation in reciprocal violence between corporations and their stakeholders. We ultimately show that Corporate Social Responsibility (CSR) plays the role of containment mechanism – there to sap and control a rising tide of violence from civil society which now openly and directly confronts the globalized capitalist corporations.

We begin by scaffolding our conceptual framework. We build on the ideas of a selected group of authors to tie together the key underpinnings of corporate social responsibility and negative externality. We then expand with an anthropological reading of negative externality based on the work of René Girard. This reading prompts us to posit that negative externalities lie at the root of reciprocal violence between the corporation and its stakeholders (I). We then demonstrate how the existence – and more tellingly the open visibility – of negative externality has become a structural feature of modern post-Fordist society, fuelling the general level of violence until ultimately challenging the limits of social and economic order (II). The third and final section demonstrates that CSR can provide a mechanism for containing this violence by countering the risk of scapegoating – a risk to which globalized capitalist corporations are critically exposed (III).

I- The violence of capitalism captured by externality theory and 'Girardian' reciprocal violence

We begin by a definition of terms, capitalizing on the work of numerous authors to show that CSR can be framed as the internalization of negative externalities (I.1). We then show how negative externalities can equate to aggressions and spark a degree of negative reciprocity between the corporation and its stakeholders that ultimately challenges social and economic order (II.2).

I.1- CSR and negative externalities

Despite the numerous debatable points involved, the European Commission's definition of CSR appears to reflect a certain degree of consensus. Thus, when understood as "*a concept whereby companies integrate social and environmental concerns in their business operations (...) on a voluntary basis*" (European Commission, 2001)[1], CSR is a cue for companies to take further steps to integrate the expectations of stakeholders impacted or potentially impacted by the company's activities, not just during the production of goods and services phase but throughout consumer use. Through a series of commitments made on social responsibility, companies pledge to make sure they generate minimal negative impact on the welfare of their stakeholders, often integrating stakeholders' expectations[2] in order to cut down or eliminate the 'collateral damage' caused. As underlined in the opening section, this 'voluntary-basis' commitment from companies to extend the scope of their responsibilities would automatically re-map the boundary between economic sphere and social sphere, possibly even erasing it completely (Shamir, 2008). The socially-responsible corporation is consciously aware that it operates not just in the market but also in society, and consequently understands the need to go further to integrate more non-profit (social and environmental) variables into operational processes. This consciously endorsed renegotiation of the boundary between economic-sphere and social-sphere championed by corporations essentially revolves around one of the defining features of modern free-market economies: negative externalities[3]. It should be underlined that this is not in itself an original vision of CSR, since a number of commentators have adopted a similar view (Arcelus & Schaefer, 1982; Arrow, 1973; Baron, 1995b; Crouch, 2006). Crouch, for instance, asserts that "*the central premise of CSR resides in companies taking ownership of the externalities they generate*" (Crouch, 2006: 1534).

I.2- Negative externalities and reciprocal violence

Authors and commentators have long been vying to cement a stable definition of negative externalities, yet there is unanimous consensus that an externality involves a relationship being established between agents who were not initially agreed on the relationship process (Bator, 1958; Buchanan & Stubblebine, 1962; Coase, 1960; Laffont, 1987; Meade, 1952; Scitovsky, 1954). In scenarios where the externality is positive, the relationship brings beneficial spillover to one agent without the other gaining reward for their action. In contrast, if the externality turns out negative, the relationship brings damaging spillover to the wellbeing of one agent without the other being sanctioned for their action. In externality scenarios, the action of one agent on another is not reflected in the marketplace, meaning it involves a "*direct interaction*" (Meade, 1952) that Bator termed "*interdependence outside the price system, and not therefore integrated in marketplace assessment*" (Bator, 1958: 358). This definition of externality overlaps situations where social interactions are staged outside of any market and where agent interactions escape any market-based goods and services price rationing mechanism. The analogy is there to be drawn between an externality and an unwanted gift received outside of any contractual or transactional frame.

The existence of externality *de facto* frames us within a well-known form of social interaction that has provided a focus for many anthropologists, namely the relational structure of gift and counter-gift, which is cited as one of the core fundamentals of human societies (Godelier, 1996; Lévi-Strauss, 1969; Malinowski, 1932; Mauss, 2007[1925]; Sahlins, 1974). Although type of gift and the codes surrounding gift and counter-gift may differ between cultures, the give-receive-return format is a universal[4].

René Girard's work on violence in primitive societies borrows from Mauss and Levi-Strauss on the universal logic underpinning gift and counter-gift and applies it to situations where instead of exchanging gifts, the protagonists exchange blows. Girard then took rough-sketched anthropology and sociology thinking on negative reciprocity cycles (Gouldner, 1960; Sahlins, 1974), and ran with it. He showed that configuration establishes not trust but violence, potentially escalating until one of the protagonists is removed from the equation.

Girard underlined that when a relational balance is overturned, it sparks tension that can quickly flare up to reach uncontrollable proportions. "*The concord built between the two is eroded into discord, constantly chipped away under the effects of minor symmetrical fractures and nagging antagonism that are cyclically smoothed out then recreated. The primary cause is a tendency to overcompensate for the other's suspected (yet not actually there at the outset) hostility, which actually only serves to crystallize it. This is how two people exchanging pleasantries can quickly spin into exchanging maliciously-veiled comments. They will soon spiral into insults, threats, and physical or even gun violence, all without any let-up in reciprocity. Should the adversaries end up killing each other, it will be a move to shed the bad reciprocity manifested as endless cycles of vengeance*" (Girard & Stella Barberi, 2006).

The logic underpinning vicious gift–counter-gift cycles is illustrated in a harmless example used by Girard. If a person called Alter turns away from the hand offered by Ego, then Ego will instantly see the gesture as offensive and he too will refuse to shake Alter's hand. In the wake of the first refusal, the second refusal comes too late and may thus lose any effect. Ego will then look to make his gesture more visible by adding effect, exaggerating the movement. Maybe he will go as far as theatrically turning his back on Alter – but at no point is he consciously looking to trigger an escalation in violence. He simply wants to make a statement, to send Alter a message that his behavior was offensive and has not gone unnoticed. What Ego interprets as an offensive refusal may in fact have been nothing more than a lapse in concentration from Alter as his attention was turned elsewhere. From Alter's stance, Ego's sudden coldness is unfair, so to not lose ground when he sends back the message, Alter will add further coldness to Ego's cool reception. Neither Alter nor Ego are looking for hassle, yet hassle sets in. Girard sees reciprocity and balance in gift–counter-gift interaction as foundational to all social relationships. So where does he stand on negative externality?

As stated earlier, negative externalities translate into "*direct interactions*" that escape the market system. They clearly involve aggressions from one person or group (such as a firm) against another person or group (a stakeholder). Within Girard's frame, negative externalities may also foment *negative reciprocity* between the corporation and its stakeholders who will switch from attacked to attacker in a reprisal bid to compensate for the continuing assaults. Externalities a corporation offloads onto its environment thus engender cycles of negative reciprocity with stakeholders, consequently increasing the level of violence inside the economic and social systems.

Where externality diverges from gift is that, through the anthropologist lens, gift is a pivotal factor behind the socialization process, whereas externality is a factor driving the *de*socialization process. This insight sheds light on Mauss' claims that "*there is a link, a continuity between hostile relations and the provision of reciprocal prestations. Exchanges are peacefully resolved wars, and wars are the result of unsuccessful transactions*" (Mauss, 1969: 67): where gifts forge friendships by cementing the relationship, externalities – as unsuccessful transactions – make enemies, increasing the level of violence inside the community[5]. This point resonates with arguments endorsed through the "doux commerce" thesis that helped foster the birth of capitalism (Hirschman, 1982). Where gift is a defining feature of social interaction in primitive-culture economies, economic exchange is what weaves social fabric in modern market economies[6]. Negative externality, though, escapes the pacificational framework of the exchange system, consequently setting loose the demons that haunt primitive societies. They trivialize the *lex talionis* principle of an eye for eye, which teaches that people need to 'give as good as they get'. They rip apart the social fabric and fuel old antagonisms that rekindle the idea of the *war of all against all*. From this perspective, negative externality is a factor driving social regression as it spurs antagonistic identities with irrevocably and confrontationally-opposed interests, continuously sparking cycles of negative reciprocity between the externality-shedding corporations and their environments. As we shall see later, such conflicts can spiral out of all proportions and ultimately challenge the limits of modern social and economic order.

II- At the limits of 'economic order': hypervisible externality and pervasive insecurity in modern societies

Negative externalities, then, running hand in hand with the capitalist project, can foment negative reciprocity between firms and their stakeholders. The reality of violence in the relationship between corporations and their environments is nothing new, and there is a well-trodden path to studies on the brutality of capitalism (Marx, 1871; Wieviorka, 2009). However, this second section aims to show that the current period in time is characterized by an acute visibility of negative externalities and thus an increased likelihood that cycles of reciprocal violence may flare up between firms and their stakeholders.

Our analysis begins by revisiting the traditional externality containment measures deployed by welfare states from as early on as the late-nineteenth century (II.1). This historical detour will yield a sharper picture of certain key traits in late modernity: welfare state institutions are now no longer capable of policing all negative externalities, whereas new unprecedentedly heavy externalities are being unleashed (II.2.) at the very same time modern western societies are radicalizing on refusing any loss of wellbeing (II.3). These movements logically converge into hypervisible externality and hypersensitive public reaction to externality, and combine to increase the likelihood of sparking negative reciprocity cycles between firms and their stakeholders, ultimately challenging the limits of social and economic order.

II.1- The welfare state as a set of externality containment systems

Externality theory developed in the early twentieth century with a close eye on the kind of mechanisms and institutions needed to keep externalities contained (Pigou, 1912, 1920). In practice, the different forms of welfare state that emerged embodied a policy of deploying principle sets geared to containing the negative externalities offloaded onto stakeholders[7]. These principles progressively birthed instruments ranging from 'command and control' regulations to Pigouvian taxes and on to social security-based benefits. The welfare state thus adopted the role of mediator–interface between corporations and their stakeholders, deploying externality containment and risk management systems that kept negative reciprocity cycles at bay. The externalities were there, but with welfare state stepping in to soak up some of the blows, the cycles of reciprocal violence was kept in check[8].

An important feature of this governance scheme, qualified in some quarters as 'Fordist'[9], is that it nursed a relatively clear demarcation line between social sphere and economic sphere. The role of the firm is to produce goods and services as profitably as possibly. When this economic-sphere value creation process releases negative externalities that affect the social sphere, welfare states picks up its role by engaging a panel of institutions (trade unions, social security, mutual funds, etc.) to organize a social-strand response and find a compromise. This is precisely what Milton Friedman was driving at with his assertion that the firm has no social responsibility whatsoever in this very particular institutional framework (Milton Friedman, 1962).

Under this Fordist scheme defined by clearly segregated social and economic exchange spheres, the business enterprise could claim no moral exemption because other social mechanisms, notably governments, assumed the task of managing populations and events according to the logic of welfare and security (Foucault, 2004 [1978]). It was the ‘legal/ethical’ wardenship exercised by the nation and welfare state “*that secured the social license of the market to operate as an imagined autonomous sphere throughout the second half of the nineteenth century and most of the twentieth century*” (Shamir, 2008). It was the welfare state that took on the management, control or elimination of negative externalities and risks generated by unregulated and under-regulated economic practices (Shamir, 2008).

II.2- Eclipse of the social compromise on negative externalities and emergence of major-scale externalities

The credibility of the welfare state as a capable markets regulator, already undermined by transformation in production processes and infrastructures, then faced head-on challenge from the emergence of major-scale externalities. Indeed, the 1970s saw firms initiate radical change in production processes that would significantly weaken the influence of the welfare state governance framework, sweeping away the social and political compromise on negative externalities. This transformation in the production process, which has now been extensively characterized, is schematically visible at two levels: externalization and globalization (Ahmadjian & Robinson, 2001; Robert Boyer & Saillard, 2001; Gerald F. Davis, Diekmann, & Tinsley, 1994). How did these organizational transformations impact on the welfare state’s governance-based containment framework?

The transformation and globalization of production processes undermined the State’s capacity to police firms that had mutated into transnational giants (Chandler & Mazlish, 2005). Evidence of this weakened position is visible at two levels: transnational firms discovered they could exploit their dominant position to offload what they saw as ‘illegitimate’ costs and risks onto the stakeholders (McKenzie & Dwight, 1991; Scharpf & Schmidt, 2000). Furthermore, companies also discovered that they could organize competition between States and orchestrate social and environmental dumping at worldwide scale (Swank, 2002, 2003). With globalized value chains, businesses found outlets in countries with looser regulatory legislation enabling them to more comfortably offload negative externality spillover with the added bonus of not having to pay the national social security contributions designed to cover the risks. These transformations had equally important impacts on union action, since the breakdown in employee collectives meant that unions could only protect a fraction of the workforce involved in the production processes. That employees are under-protected is not just patent in the externalities they are burdened with but equally in the generalized rollback of social security and insurance coverage (Castel, 2003).

The early 1970s therefore marked the onset of a crippling loss of influence of the welfare state governance framework because two important kinds of boundaries became increasingly fuzzy: corporate boundaries that mark the distinction between activities and transactions occurring 'inside' as opposed to 'outside' a corporate entity, and national boundaries that separate 'domestic' from 'foreign (G. F. Davis, Whitman, & Zald, 2008). Crouch notes that "*there were precious few solutions that could prompt corporate transnationals to take account of the externalities they were generating not just on national but also international scale, given the weakness of the institutional pressures in place at the time*" (Crouch, 2006: 1553). In short, welfare states had lost their grip over market players and practices (Strange, 1996). Their institutionally-based infrastructures fell out of step with real-world economic shifts, leaving a credibility gap that rapidly became a capability gap as the floodgates opened to old externalities that, no longer being contained, spilled increasing risk onto stakeholders – and especially labor forces. The old externality containment mechanisms no longer held valid, leaving the system prey to an increasingly likely emergence of cycles of reciprocal violence between firms and their stakeholders.

However, transformations in production processes were not the only changes to shake the ability of welfare states to keep negative externalities contained. A number of sophisticatedly intermeshing economic-sphere segments that hinge on major accelerations on the scientific and technological front – market segments such as nuclear power, GMOs, the petrol and petrochemicals industry, nanotech, or agribusiness – can potentially cause major widespread negative impacts on the well-being of numerous stakeholders (Perrow, 1986 [1979]). Beck claimed that perceptions of these global externality risks are characterized by three features (Beck, 2006):

1- De-localization: its causes and consequences are not limited to one geographical location or space, they are in principle omnipresent. These externalities not only transcend national boundaries but often also transcend timeframe and social class.

2- Incalculableness: its consequences are in principle incalculable due to the sheer scale of the victim count and, on a more fundamental level, due to shortfalling scientific state-of-the-art that leaves agents and populations in a situation of radical uncertainty.

This type of externality is extremely tough to deal with, as we would need to control something beyond our understanding, that does not yet exist, that has virtual presence yet remains unknowable (Dupuy, 2004, 2009).

3- Non-compensatability: the damage these externalities are capable of causing is so unfathomably large that no public-sector or private-sector insurance system could hope to compensate. In other words, the social and environmental costs are so high that there is no conceivable social-system or insurance-system response.

Driven by technical development and facilities development, the movement to spread potential negative externalities is becoming an increasingly pressing issue. Today's complex, technology-driven societies are generating new, unprecedentedly vicious potential externalities that are not integrated into business transactions and functioning. In today's *world risk society*, the potential negative externalities generated by new types of organizations and the modernization of production systems are being progressively exposed and increasingly pressured for internalization and treatment.

II.3- Neoliberal governance and hypersensitivity to externalities

The section below explores this second argument deeper. Cracks have undeniably appeared in failing welfare-state governance framework, revealing externalities that had long been supposed fully contained and resolved. Society, too, if we follow the kind of sensemaking vectored through mass media channels, has been submerged under a flood of new externalities of unprecedented power. Most importantly, though, our line of analysis extends on Beck to posit that in contemporary modern societies, it is this revealing of negative externalities that has become a key driver in the regulation of social and economic life. Our reading is that if high-income western societies are becoming increasingly sensitive to externalities, it has less to do with the relative impotence of welfare states coupled with the emergence of new externalities, and more to do with the rise of a new governmentality model that is often named neoliberal (Lemke, 2001). This next paragraph details the mechanisms we see underpinning this process that – logically and immediately – exacerbates the level of violence inside the system.

The spread of liberal thinking has birthed a new form of governance that has taken hold in many high-income western economies (Ewald, 1986; Foucault, 2008[1982-1983], 2009[1983-

1984]; Giddens, 1998). The USA may not have test-driven exactly the same model of Fordism as other countries (Albert, 1991; R. Boyer, 1995), but their post-Fordist transition pre-dated all others, making it the primary focus for a number of analytical studies. This research features work by industrial relations scholars (Piore & Safford, 2005) and some sociologists that zeroes in on evolutions in the legislative infrastructure regulating how firms operate (F. Dobbin, L. Edelman, J. W. Meyer, W. Richard Scott, et A. Swidler., 1988; Edelman, 1990), They bring key insights on the emergence of this neoliberal governmentality regime that substantially rewrites how externality is to be contained. These commentators conclude that the transformation of welfare states did not dispense societies states with any state-sponsored society-led regulation, but instead enshrined the emergence of a revisited mode of governance. This revised system translated as a new system of rights vectored through pioneering new instruments of information and control to facilitate greater individual ownership of externalities and greater individual awareness of their externality burden and/or risks of exposure.

Under this neoliberal government rationality, the increased revealing of corporate negative externalities is not seen as proof of welfare states failing to deliver adequate institutional intervention, but quite the reverse, as a sign of transformational reform and continual re-adaptation to the changing fabric of liberal society. This steady slide into neoliberal governance is schematically visible at four levels:

1- Evolution in legal-regulatory responses: judges adopt a forward-looking reading of the rights owed to stakeholders, especially employees, by progressively toughening up case law on fundamental baseline standards to be complied with (F. Dobbin & Sutton, 1998). Making this transitional switch from ‘command and control’ to ‘due process’ while cutting slack in the formal red tape straight jacketing corporations significantly opens up the scope covered by law but without specifying limits or policy instruments. The net result is that it continually feeds a cycle of legislative output aimed at guaranteeing new rights owed to stakeholders without coercing direct regulatory policing. The upshot is that these new legal principles also leave corporations and stakeholders to take ownership of actually operationalizing the powers of compliance and legal enforcement. Commentators have also spotlighted a proliferation in policing systems (soft laws, codes of conduct, social responsibility charters, and so on) – none of which are regulatory but all of which are in competition – that serve to promote procedural rationality and consequentialist ethics designed to curb externalities being offloaded onto stakeholders (McBarnet, Voiculescu, & Campbell, 2009).

2- Evolution in government role and responses: the role of the State has been re-scripted away from directly running institutional externality containment systems and towards legitimizing its externality intelligence, while its former handling, prevention and compensation functions have been outsourced to non-governmental agencies. This means the State now plays a leading role in revealing externalities by producing (or funding production of) externality knowledge and intelligence – and is consequently also an actor exacerbating today's externality hypersensitivity. On a more fundamental level, the State's action scope is no longer to pursue its historical mandate as welfare state fighting Beveridge's five 'giant evils', but to provide agents with the best platform for economic success.

3- Individual agent education and ownership: the regulatory apparatus delivers individual agents with legitimized information on their externality burden in a bid to get them to take risk mitigation measures. The agents can then exercise their own free will, electing whether or not to integrate this information into their decision-making. Today's welfare states implement strong pro-ownership policies through incentivization systems – often financial incentivization – purposed with the ultimate goal of effecting a change-around in practices to minimize at-risk behavior patterns. The battery of incentivization and prevention systems also cues individual agents to stay permanently aware of their current or potential future externality burden. Through a series of systems, initiatives and techniques, the State manages to format individuals into being fully conscious of the externalities they are exposed to and sensitive to changes in the balance of profits and loss (Lemke, 2001).

4- Decentralization and proliferation of social demands: increasingly revealing externalities and advocating externality ownership and accountability can only ignite movements voicing a mixed bag of claims from different individuals with different hot-button interests. The media then jump in, drawing connections between radically-dispersed claims and playing a decisive role in politicizing issues and staging scandals (Alexander, 2006; Callon, 2007; Keane, 1998). Scientific method, although increasingly essential, is decreasingly able to deliver a broad-reaching socially-established definition of the truth due to the proliferation of expert opinions and issue standpoints.

The functional transformation of welfare states combined with the generalization of neoliberal governmentality (Esping-Andersen, 1990; Shamir, 2008) sparked a massive swing in social unrest towards issues that revolve around safety and reducing uncertainty. Ulrich Beck was sharpest in capturing this slide into a risk society — a society where the collective imaginary shaping social dynamics feeds on an acute perception of the surrounding externality threats[10] (Beck, 2001 [1986]). Beck writes that modern social conflicts revolve around two co-concurrent rationales: "*a logic centered on the distribution of wealth and a logic centered on the distribution of risk converging on a political battleground*" (2001[1986]: 35). Beck's stance is that relative societal welfare, technical–material progress, and the growing complexity of the production system are the sources that have impelled the ascendancy of risk distribution as the topmost concern guiding social grievances. In Fordist industrial societies, social concerns "*revolved around this issue of how socially-produced wealth could be distributed in a socially unequal yet 'legitimate' way*" (Beck, 2001, [1986]). Contemporary post-Fordist society is now haunted by a sharper, more telling question: how can socially-produced externalities and risks be distributed in a socially unequal yet legitimate way? Whereas the Fordist model upheld that distributing wealth was 'enough' to establish a social compromise on externalities, the current climate is characterized by a spiraling aversion to them. The 'fair' distribution of wealth is no longer satisfactory as a solution to meet stakeholder needs and stabilize social compromises.

Under the neoliberal governqnce framework of today *risk societies*, negative externalities generated by the transformation of production systems are being increasingly exposed and renegotiated. It gets tougher and tougher to keep social compromise positions on these externalities stable as larger numbers of stakeholders from wider scopes continue to enlist into the negotiation process, all freshly educated and acutely aware of the externality burden they are carrying. Unraveling the tangled web of responsibilities and assessing the victims, nature and impact of these negative externality burdens has become an almost impossibly complex task. Any social compromise positions reached are constantly being second-guessed, while social movements thrive on the increasingly transparent collateral damage generated by economic activity[11]. There is also latitude to run further on from Beck's argument to reach the claim that these socially-engineered externalities are not just the fuel driving social groundswell but the fuel driving the economic system itself. In today's post-industrial/neoliberal society, the 'reveal-and-internalize' way of handling externality actually – paradoxically – lends support to how the capitalist system is running. Externalities generated by modernization create self-producible needs virtually impossible to contain. Beck termed them "modernization risks" metaphorized as "a bottomless barrel of demands" (2001[1986]: 101). In short, externality disclosure is systemic – its place at the core of economic value creation. The economy becomes a self-referential system. Post-industrial society draws energy from the externalities it creates, right up to breaking point – much the same way that in feudal society, the aristocracy drew its wealth from taxes on the rising *bourgeoisie* (Rosanvallon, 1992).

This is how externality transparency and sensitivity have found their way to the dynamic core of modern western societies. On one side, with welfare states losing authority over globalized capitalist corporations, it is becoming increasingly difficult to stabilize social compromise positions on socially-acceptable negative externalities. This has the effect that traditional welfare state-led institutional instruments are increasingly unable to hold a grip over market sector activities, thus unleashing a recrudescence of externalities. Further, the transformation and globalization of production infrastructures, ratcheted up by science and technology, is spawning new externalities and risks of unprecedented scale that persistently fuel controversy, criticism, protest and dissent over the directions taken by globalized capitalist corporations and how they get there. This groundswell in dissension is compounded by the neoliberal governance model sharpening social awareness on externalities.

All in all, the situations has evolved into a whole new paradigm that escalates adverse *direct interactions* – whether potential or carried through, tangible or perceived – between corporations and their stakeholders. These interactions infiltrate a structural imbalance into social firm—stakeholder relations, since any welfare damage caused does not get compensated by direct corporation action or by welfare-state institutions. A deep-seated negative reciprocity sets in between corporations and their stakeholders, exacerbating the level of violence inside the economic market system. This hypersensitivity to externalities combined with ineffectual interposition–intercession strategies whips up a strong climate of insecurity and fear, which in turn sparks spiraling negative reciprocity cycles between the corporations and their stakeholders. As the process continues, we edge inexorably up to the limits of social and economic order. As Sebag-Montefiore observed, we now "*operate at the* *outer edge of the ordered world, on the barbaric final frontier of modern technology*" (Sebag-Montefiore quoted by Giddens, 1999). This snapshot of the current situation argues against the "*doux commerce*" thesis that ties modernization to the expansion of contractually-framed transactional exchange systems. The snowballing exposure of situations not framed under market-driven contracts brings to the surface social mechanisms that had been thought buried within primitive societies. Ultimately, it is in this specific context here that corporations are most critically exposed to the risk of scapegoating, i.e. being radically ousted from society. Forced to respond, their only way forward is to develop their own violence confinement mechanism in a bid to dampen sparks that could flame up into cycles of negative reciprocity.

III- CSR as a violence confinement mechanism

Today's hypervisibility of externalities unmasks a truth that the welfare state system had been hiding: reciprocal violence between capitalist firms and their stakeholders. The welfare state system obviously recorded successes on the social and economic fronts, but scratch deeper and the real success comes up as political – anthropological even, given that its social conflict resolution mechanisms kept negative reciprocity cycles in check and kept violence under wraps. In this sense, the welfare state both resolved and repressed the issue of violence in firm-stakeholder relations. Now, as our time marks a new era, the wraps are being torn away, allowing violence and unresolved conflict to resurface. What happens when there is no institution capable of transcending the conflict-ridden relationships binding globalized capitalist transnationals to their stakeholders? How can we definitively put an end to the negative reciprocity cycles? What kind of social regulation can forge social ties? At this juncture, we circle back to René Girard's work on violence in primitive societies for insight.

We start by sketching out the 'Girardian' analysis of how violence is regulated in primitive societies unequipped with a central arbitrator or the law resources and police forces needed to break cycles of reciprocal violence (III.1). Moving forward, we show that the scapegoat mechanism is still alive and well in today's western societies, where globalized capitalist corporations are front-line candidates (III.2). Our analysis culminates by demonstrating that CSR offers corporations a loophole, enabling them to escape becoming trapped into scapegoating processes that could otherwise radically oust them from society (III.3).

III.1- Escalating violence and the need for a scapegoat

Girard proposes an original solution for dealing with the reciprocal violence issue in societies that do not possess legal–insurance systems capable of transcending antagonisms and putting an end to negative reciprocity cycles.

Girard's position is that in primitive societies, reciprocal violence, once triggered, sets in motion a vicious circle: once a community enters the circle, it is unable to extricate itself. *"As long as a working capital of accumulated hatred and suspicion exists at the center of the community, it will continue to increase no matter what men do. Each person prepares himself for the probable aggression of his neighbors and interprets his neighbor's preparations as confirmation of the latter's aggressiveness. In more general terms, the mimetic character of violence is so intense that once violence is installed in a community, it cannot burn itself out*" (Girard, 1998[1972]: 124-125).

It is in situations like this, where there are no intercession strategies available and no tried-and-true remedies to cure the reciprocal violence, that René Girard sees the sacrifice and scapegoating mechanism coming into its own. "*In a universe where the slightest dispute can lead to disaster—just as a slight cut can prove fatal to a hemophiliac—the rites of sacrifice serve to polarize the community's aggressive impulses and redirect them toward victims that may be actual or figurative, animate or inanimate, but that are always incapable of propagating further vengeance. The sacrificial process furnishes an outlet for those violent impulses that cannot be mastered by self-restraint; a partial outlet, to be sure, but always renewable […] The sacrificial process prevents the spread of violence. by keeping vengeance in check…*" (Girard, 1998[1972]: 32-33).

When the violence within a primitive community becomes critical, the community rechannels the focus of the violence onto an arbitrary, relatively neutral victim – a victim sacrificable without risk of reprisal, as this violence would threaten to hit every kin member and potentially wipe out the whole community. "*The sacrifice serves to protect the entire community from its own violence; it prompts the entire community to choose victims outside itself. The sacrifice polarizes the plague of violence onto the victim, and defuses it by offering a partial appeasement*" (Girard, 1998[1972]: 18). All the resentment scattered across a thousand different individual people, all their divergent expressions of hatred will converge onto just one single individual – the "*surrogate victim*" (Girard, 1998[1972]: 112). Every primitive society that has fallen prey to violence or been plagued by a catastrophe for which they have no remedy will actively throw itself blindly into the hunt for a "*scapegoat*". Instinct will push them to seek the instant remedy. The community persuades itself that the source of all its ills lies in just one single person, who can easily be eliminated. There is a form of *violent unanimity* that polarizes on the surrogate victim. The whole community becomes convinced the surrogate victim is the one responsible for all the ills that beset them – and this is the key to breaking the cycle of reciprocity. The victim must be destroyed to stop the violence spreading. When a community "*succeeds in convincing itself that one alone of its number is responsible for the violent mimesis besetting it; when it is able to view this member as the single polluted enemy who is contaminating the rest; and when the citizens are truly unanimous in this conviction — then the belief becomes a reality, for there will no longer exist elsewhere in the community a form of violence to be followed or opposed, which is to say, imitated and propagated. In destroying the surrogate victim, men believe they are ridding themselves of some present ill. And indeed they are, for they are effectively doing away with those forms of violence that beguile the imagination and provoke emulation*" (Girard, 1998[1972]: 125). As the crisis comes to a head, which is when the violence between community members has reached paroxysm, it is transformed into unanimous violence and focused exclusively onto the surrogate victim. The process is as if the surrogate victim absorbs all the violence bottled up within the community and dispels the antagonisms rife between community members. The surrogate victim is the pivotal factor, around which this metamorphosis of violence revolves. This victim fixates and crystallizes both the most evil and most beneficial aspects of the violence. They are held responsible for both order and chaos, bearing the power to take the reciprocal violence destroying normal social order and bring back the peace-founding unanimity.

III.2- The globalized capitalist corporation as modern scapegoat

This scapegoat figure is becoming increasingly visible in modern societies and economies, pushed to the forefront in today's societal systems where – as demonstrated earlier – externalities are openly staged and revealed. Today's scapegoats, obviously, are no longer physical victims; they are the corporations or institutions branded as figurehead and subjected to trial by media, legal or stock-market channels, any of which may precipitate bankruptcy, i.e. a radical ousting from society. However, the principle is essentially the same, as antagonisms and grievances are all concentrated onto a single corporation portrayed as the root cause of social and economic disorder. When the level of accumulated violence exceeds critical thresholds as there is no referent institution able to intercede between firm and stakeholders in an effort to contain the violence, then it focalizes on a corporation singled-out as root cause of the disorder. The series of scandals that have erupted since the early 2000s are case-in-point examples of the runaway upswell in resentment and hostility projected onto a fall guy–firm singled out as responsible for ambient disorder. This corporation is thrown into the crossfire of virulent social and media criticism, dragged around the courts as its stock market price collapses. The attacks can ultimately push them over the brink, forcing them to file for bankruptcy. Enron, Arthur Andersen, Nike or the Lehmann Brothers are symptomatic popular symbols of how this collective unanimous violence can crystallize on a single corporation.

Blame is laid on these corporations as the root cause of wide-reaching social disorder, their 'execution' supposedly stemming the tide of disorder and, from there, ushering back calm and order by appeasing the violence contained in the system. Note that at this juncture, Girard's scapegoating framework does not presuppose that the surrogate victim is innocent. Often, though, in practice, the guilt is shared with the accusers.

Just why are globalized corporations singled out as surrogate victims? Our analysis identifies two reasons why global-brand corporations almost systematically get targeted as wholly responsible for social disorder. Girard's work frames the scapegoat as presenting a distinctive trait: the scapegoat must be 'different', and this difference viewed as "monstrosity". Now, the size of globalized capitalist corporations, their omnipresence and market clout lends them what from many angles resembles a degree of monstrousness. The second reason that we see as further fragilizing their position is the intricate architecture of their production processes, which makes it difficult to pinpoint the source of any externalities. The upshot is that it is easier to attack this type of corporation, even if it is only partially responsible for surfacing the externality.

That said, there is one essential difference with the scapegoat mechanism as manifested in its primitive-society format. It is that in primitive societies, every member of the community is convinced the sacrificial victim is guilty, and it is precisely because the *entire* community is convinced that the scapegoat mechanism fulfils its purpose and the level of violence eases off. In our contemporary modernized societies, belief in the wholesale moral blameworthiness of the scapegoat is relatively short-lived. The scapegoat mechanism only works up to a point, never completely eradicating the violence inside the economic market system. Consequently, the constant inflow of newly-surfaced externalities continually triggers renewed cycles of violent reciprocity. With crisis after crisis, as more and more surrogate victims are sacrificed, the scapegoat mechanism progressively loses its credibility, and thus its effectiveness. Who really thinks Lehman Brothers were the only bank winging it on the subprimes market? Who really thinks Nike were the only shoe manufacturer contracting production out to factories that employ child labor? The sacrifice mechanism that works so well in primitive societies works less well here, as it does not produce any sacred items capable of transcending corporation―stakeholder relationships and containing the appetite of societal violence. In primitive societies, after the murder, the surrogate victim – which René Girard qualifies as 'founder' – was deified, and it was through ritual worship of this divinity and the allied taboos that primitive societies re-forged their common bonds: "*When a bloodthirsty crowd expels its unanimous hatred onto the same innocent scapegoat, it becomes a sacred-maker, a transcendence-empowerer. It expels its own ingrained violence by transferring it to a radically-Other. This Other can only be holy, since it appears both infinitely bad – guilty of causing the crisis that had been ravaging the community – and infinitely good – since by leaving, it brought back renewed peace and order*" (Dupuy, 2009). In our contemporary modernized societies, the process of myth-building elevating the victim through sacred narrative is progressively weakening, yet the scapegoat mechanism is being increasingly mobilized.

III.3- CSR as a violence confinement mechanism

This analysis has clearly surfaced the rationales behind contemporary endorsement from globalized capitalist corporations on broadening the scope of their responsibilities in both time and space. This move resonates as a reaction to two conclusions: that the welfare state is struggling to contain societal violence, and that corporations have share a responsibility for the emergence of this violence. Corporations buying into greater responsibility therefore reflects a tactical move to contain the societal violence they generate in an attempt to steer free of a sacrificial process. This violence-containment-via-CSR-frameworks strategy needs to be understood on four levels, each of which is aimed at minimizing the emergence of adverse direct interactions and thus stemming reciprocal violence between the corporation and its stakeholders:

1- **Externality containment**: the corporation ushers in organizational systems and practices designed to curb or even eliminate its externalities as a means of minimizing its exposure to direct interactions with stakeholders and, thus, to sparks that could flame up into cycles of negative reciprocity. This is the most accomplished strategy, where the corporation consciously recognizes its share of violence and commits to reshaping its production processes to no longer assault its stakeholders.

2- **Dialog and compensation**: the strategy employed in scenarios where the externalities cannot be comprehensively eradicated. Here, the corporation opens dialog with the stakeholders to negotiate an acceptable truce position and/or compensate the victims. This dialog-based strategy can also be read as a prelude to change and potentially the elimination of externalities. Corporations adopting this scenario are unwilling or unable to revise the way they operate, and the dialog initiative is intended to prevent things getting out of hand and sparking a face-off.

3- **Deflecting the violence onto other, slightly less responsible actors**: corporations adopting this stance are maneuvering to not get trapped in a scapegoat process. The more corporations communicate on CSR focuses, the more the other corporations are pressured to join in so as not to look 'different' and find themselves exposed to a potential scapegoating process. This set of strategies is regularly condemned by stakeholders as greenwashing. The corporation will deploy rationalized rhetoric to show they are somehow less guilty than other corporations who have made no effort at all. If the situation flares up, the violence will then be deflected onto other agents, typically competitors, subcontractors, or institutions.

4- **Market creation**: the most sophisticated externality confinement strategy, as it involves developing new markets for dealing with externalities. Economic agents intermediate between the corporation and its stakeholders by proposing products and/or services capable of keeping the externalities in check. '*Direct interactions*' are mediated by market transactions and stop the reciprocal violence between firms and stakeholders.

Conclusion

This paper investigates the reasons why corporations appear, *a priori*, to openly endorse increasing the scope of their responsibilities in both time and space. Starting out from the analytical framework developed by René Girard, we propose an anthropological reading of negative externalities. Our analysis shows how negative externalities are perceived as adverse and non-compensated *direct interactions* between a firm and its stakeholders. Left unchecked, they are capable of catalyzing spiraling cycles of negative reciprocity. However, as our analysis moves on, we learn how a defining structural feature of today's setting is the hypervisibility of externalities. This hypervisibility stems from a combination of factors: the welfare state's struggle to credibly police systemic global risk, the rise of neoliberal governance, and today's sensitivity to externalities. As our line of approach moves ahead, we see that the hypervisibility of externalities logically sparks negative reciprocity cycles between the corporations and their stakeholders, further fuelling the general level of violence in our modern-day free-market economies.

If no institutional or contractually-framed safeguards emerge to deal with this violence, then the blows received by stakeholders will – in a strictly Maussian gift–counter-gift frame – be returned with interest, as the tendency is to overcompensate for the initial hostility. We highlighted that this violence could enter a sacrificial narrative, and become focused on a single arbitrary corporation blamed as the origin of the social disorder crisis. This corporation then becomes branded the figurehead, and is subjected to trial by media, legal or stock market channels, which can ultimately precipitate bankruptcy. Given this upswell in societal violence, it is easy to understand why globalized capitalist corporations are so eager to stake CSR claims: corporations are committing to engage socially-responsible policies to reduce their externality burden in order to escape becoming scapegoats for a system that is no longer able to channel the violence these corporations generate. The question at this point is whether the corporations and markets have solutions for resolving and channeling the violence they themselves have created. Our reading is that the neoliberal principle for regulating externalities harbors a self-contradiction, since from the moment it hands stakeholders the role of negotiating a solution on the externalities issue, there can be no hope of securing a stabilized social compromise position since decentralizing negotiations speeds up the externality surfacing process and potentially escalates disputes over type of damage burden, number of victims, and the perpetrators responsible. In the best-case scenario, this spiraling escalation culminates in a sacrificial process which, in contrast with primitive societies, does not generate the sacred items that reproduce a unanimously-respected cultural code leading to restored social relations. Ultimately, the negative externalities spawned by modern society (globalized transaction exchanges, technical and organizational advance, scientific progress, and more) are only containable via sacred items – items that intrinsically tackle modern rationality head on.

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[1] Taking a more theoretical stance, this definition ties directly into the definition put forward by McWilliams & Siegel, who conceptualize CSR "*as actions that appear to further some social good, beyond the interests of the firm and that which is required by law*" (McWilliams & Siegel, 2001: 117).

[2] Person, group, or organization that has a direct or indirect stake in an organization because it can affect or be affected by the organization's actions, objectives, and policies. Key stakeholders in a business organization include creditors, customers, directors, employees, government (and its agencies), owners (shareholders), suppliers, unions, and the community from which the business draws its resources (Freeman, 1983).

[3] Economists generally use the more technical term *negative externality* to describe the "collateral damage" impacting on stakeholders falling somewhere within the company's immediate environments (Elsner, Frigato, & Ramazzotti, 2006; Kapp, 1950; Laffont, 1977; Papandreou, 1994; Stiglitz & Wash, 2002). We will not be poring over the long history of the externality concept, which from Alfred Marshall's pioneering research through to the latest developments in agency and incentive theories has spawned an array of developments (Cornes & Sandler, 1999; Mishan, 1971; Papandreou, 1994). In this article, we build our definition of externality on the assertions developed by Coase and we define negative externality as any disservice that a business firm causes its stakeholders without offering compensation for the damages burdened (Coase, 1960, 1988).

[4] Mauss works to a logic where the gift offering breaks down into three sequences: give, receive, return. In the first move, one of the agents offers a *gift*. This is the startpoint of the process. The gift is offered free, and does not presuppose an assured return. This is what differentiates gift from exchange. Another agent receives the gift offered to him. He is free to accept or refuse the gift. If he accepts the gift, he may elect to reciprocate with his own gift to balance out the relationship that is settling in: this is the *counter-gift*. The counter-gift does not mean the original first gift is simply gifted back; *something else* must be counter-gifted, something that shares at least the same value as the original gift offered. This new gift places the other in the position of receiver, prompting them to reciprocate a further gift, and triggering a new cycle of give—receive—return. As the cycles between the partners repeat, trust builds and cements the relationship. The positive reciprocity cycle forged between the agents enables social cooperation and communityship. This early initial trust is the only reliable platform for developing a more complex system of transactional exchanges.

[5] See Sahlins (1972) for a sharper discussion of the continuum governing reciprocity relationships from friendship to animosity.

[6] This idea was neatly encapsulated by Montesquieu: "*it's almost a general rule that wherever manners are gentle there is commerce; and wherever there is commerce, manners are gentle… Commerce polishes and softens barbaric ways*" (Montesquieu (1749), cited in Hirschman, 1982, p. 1464).

[7] We have voluntarily adopted a grossly simplified vision of the welfare state, which obviously set out with far greater ambitions than simply containing the externalities and handling the risks tied to business activity. The first social welfare programs implemented by Chancellor Bismark via bills on health insurance (1883), accident insurance (1884) and old age and disability insurance (1889) are salient examples. These ambitions were further galvanized in the wake of World War II (Kaufman, 2003). The Beveridge report – cornerstone of modern welfare states – proposed that governments should reform to tackle the five 'giant evils' of want, disease, ignorance, and idleness and squalor (Castles *et al*., 2010).

[8] Another State-led interpositional strategy is to mobilize the homeland security forces to police their way to an end of hostilities. Note as a side-point, it is telling that as welfare states increase their foothold, they resort less to mobilizing security forces as a means of stopping inter-agent cycles of negative reciprocity.

[9] Fordism is on one side defined as the assembly line and the organization of production enabling significant gains in productivity, but equally – and more generally – as a principle guiding the organizational and frameworking conditions governing how firms operate and the relationships they hold with stakeholders in time and space (Aglietta and Fernbach, 2001). The regulation of firm-stakeholder relations hinges on several factors resonating together to procure stability within the economic and social systems (see Boyer and Saillard, 2001 for an overview) and, ultimately, "social compromises" over negative external effects and risk issues. It should be emphasized that the ultimate aim of these social compromises is not so much to erase the negative external effects and risks as to make them acceptable to stakeholders and citizens.

[10] This joins up with a well-known set of ideas clustered under the concept of "reflexive modernization" (see Bourdin, 2003). Along these lines, the collective imaginary has also gained momentum by outreach from mathematics theory which has enabled increasingly fine-grained modeling of chaos (high sensitivity to initial conditions) (H. Poincaré, E. Lorenz, D. Ruelle) and the broader spectrum of complex systems (breaching thresholds) (Stuart Alan Kaufman).

[11] To illustrate, readers are invited to look at the pattern of expansion in the tables annexed to the French Code of Social Security defining the recognized occupational diseases opening up rights to compensation benefits. Since the founding legislation back in 25 October 1919, 114 tables have so far been filled, growing exponentially since the mid-1980s. To learn more, see the January 2009 EUROGIP report entitled “Occupational diseases in Europe □ 1990-2006 statistical data and legal news”.

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