**Globalized Trade Finance and Corporate Social Responsibility**

On a global perspective, the implication of undirected economic growth without a focus on sustainability raises serious ethical concerns. As such, a sustainable or ecological economic approach would tend to lean more toward instituting microfinance institutions that are directed toward aiding local populations to create local business enterprises. In a sense, the ecological economist would tend toward a model of **economic subsidiarity** as opposed to the conventional growth-based approach. Economic subsidiarity seeks to promote investment into larger projects with more international interests and is less sensitive to the circumstances of local populations and environmental realities. In fact, it is this very paradigm which has created the current global economy and the continued trend toward global integration.

As a consequence of undirected growth of the global economy, consider the increased discretion and potential that has been placed in the hands of large multi- and transnationals. It is not difficult to imagine the ecological and ethical implications this brings up. In the last module, the relative adequacy of government bodies to constrain business activities was discussed. The relative efficiency of the regulatory bodies to protect citizens’ interests and environment is further blunted by the ever-increasing globalization of the economy. If a company wishes to reduce cost with regard to its regulatory compliance where air quality is concerned, it only needs to concentrate those operations which intersect air quality in parts of the world that present little in the way of air quality and emissions regulation. Such places are typically nation-states whose economic situations are sufficiently depressed as to make considerations (such as air quality) relatively unimportant against the backdrop of the immediate challenges of an impoverished society. What this amounts to is exploitation of the poor. Some may argue that such an approach brings jobs and wealth to poor nations. What are the ethical pros and cons of such a position? If a corporation is organizing its operations to escape corporate responsibility, is this even an honest position to begin with? Are these considerations unavoidable realities or are they artifacts of the current economic paradigm and international market-based trade? What do these considerations add to the previous discussion of CSR?

The **sustainable economic model** would address these problems by supporting finance vehicles which promote sensitivity to the local geography, culture, and socioeconomic status of the many nations and communities of the world. Therefore, economic development cannot be under the sole influence of market processes and CSR 610 Module 5 3

mechanisms. It must be directed actively with recognition of ethical and ecological imperatives. As such, a global economic infrastructure with an emphasis on microcredit and financing is preferred by the ecological economist. Such an approach distributes capital to smaller players, reducing social, economic, and political exploitation of populations and environmental harm. It further places resources closer to those who need it most and would result in much smaller national debts, as opposed to the current situation with massive financing institutions such as the International Monetary Fund (IMF).