

New CER pamphlet

CORPORATE SOCIAL RESPONSIBILITY IN THE EU

By Alasdair Murray

Europe wants faster growth. But it also wants social fairness and a healthy environment. This is why companies in the EU are under growing pressure to broaden their focus from pure profits to policies of corporate social responsibility (CSR). This CER pamphlet argues that the EU can and should play an important role in promoting CSR. But it also warns that such steps should be a supplement, not a substitute, for traditional forms of regulation.

EU attempts to encourage CSR are still in their infancy. Both enterprises and trade unions are sceptical whether the EU should intervene in this area. Business leaders suspect that the European Commission will use CSR as an excuse to introduce more red tape. Trade unions, on the other hand, fear that the EU's involvement could lead to the dilution of hard won workplace rights.

The CER's Alasdair Murray argues that the EU provides a natural arena for member-states to share CSR best practice. Moreover, the EU already passes laws on issues directly related to CSR, such as trade and the environment. But the EU should not develop prescriptive measures that could stifle innovation, investment and growth.

The pamphlet specifically recommends that:

- ★ The EU should require all publicly quoted companies to draw up statements on their CSR policies. But it should be the companies – rather than the EU – that decide which kind of information to include.
- ★ The EU should follow the lead of several of its member-states in asking pension funds to state their ethical policies. This would enhance transparency in an increasingly integrated EU capital market.
- ★ Some EU member-states want to use tax incentives to encourage CSR. The European Commission should draw up broad guidelines to ensure that such measures do not distort the single market.
- ★ Within the European Commission, the directorate-general for enterprise should oversee the EU's work on CSR. The enterprise DG is best placed to work directly with member-states through the EU's competitiveness council. It also has ample experience with 'soft' policy tools.

Notes for editors:

1. Erkki Liikanen, enterprise commissioner, will launch the pamphlet at a seminar in Brussels on July 3rd 2003.
2. Alasdair Murray is the director of the business and social policy unit at the CER. For further comment, please call 00 44 20 7233 1199.
3. This paper can be ordered from the CER website (www.cer.org.uk) or by contacting kate@cer.org.uk.