

## **The UN Global Compact Promotes Corporate Socialism**

### The Global Compact Is a Tool to Help Repair Strained and Severed Communal Bonds:

As revealed in the writings of Harvard scholar John Ruggie, the United Nations Global Compact can be viewed as a partial response to the international social backlash that has arisen as the result of what many Europeans and socialist-minded academics perceive as unchecked economic expansion and globalization.

“[T]he backlash against globalization has grown in direct proportion to the divergence between global markets and national communities. The backlash against globalization is driven by three of its attributes. First, globalization’s benefits are distributed highly unequally within and among countries; large parts of the developing world have been left behind entirely. Second, it is triggered by an imbalance in global rulemaking. For example, while rules favoring global market expansion have been more robust and enforceable in the last decade or two, other rules intended to promote equally valid social objectives such as poverty reduction, labor standards, human rights or environmental quality, have lagged behind, and in some instances have actually become weaker. Third, a global identity crisis is emerging. It is questionable who is in control of the unpredictable forces that can bring on economic instability and social dislocation, sometimes at lightning speed.”<sup>1</sup>

The Global Compact was created to facilitate the involvement of the private sector in a multi-stakeholder dialogue, designed to reestablish, on a global level, the social bonds that previously tied multinational companies together with the local and national communities in which they operated. Historically speaking, the international business sector has been a major driving force behind economic expansion since, at least, the mid-1850’s, though as noted by this author, industry’s activities have also been a source of many related societal ills. The current era of economic expansion and globalization is no exception. As the Global Compact founders emphasize, history warns us that both a minimal social living standard and an equitable give-and-take between the different stakeholders of global society must be maintained in order to prevent a melt-down of the global market system. Such a breakdown occurred towards the end of the first ‘golden’ era of Victorian globalization that endured from 1850-1910.

The Victorian era of globalization, like the current era, was marked by relatively speedy global communications, easy international travel, mass immigration, political freedom, massive flows of foreign (European) investment capital into emerging economies (e.g. North and South America), and by the integration of global trading markets. However, as Mr. Ruggie points out:

“[It] was [also] a system without popular roots and without social legitimacy. It reflected neither the needs nor the vast majority of ordinary people, who, indeed, bore the brunt of the adjustment costs that open markets invariably produce. The demand for social protection proved irresistible, and it led to economic protectionism...[political revolutions, unprecedented international financial volatility and the severe contraction of world [trade]...And then it collapsed....The social strains produced by those upheavals were so great that the world imploded into [two world wars] in the span of a single generation... The lesson is that societies will protect themselves from unrestrained market forces by whatever means they can muster.”<sup>2</sup>

An underlying tenet of the Global Compact is that free markets must be embedded in broader frameworks of social values and objectives if they are to endure and prosper. In sociological terms, the Compact necessitates and presupposes “a grand social bargain, in which all sectors of society, including the private sector, agree to open markets and also to share the social adjustment costs that open markets inevitably produce.”<sup>3</sup> However, the social contract called for today is unlike the bargain struck following the Victorian era. While national governments alone were previously capable of moderating the volatility of cross-border transaction flows, of providing social investments and adjustment assistance, and of pushing liberalization of the markets, today, the involvement of multinational companies, as well as, national governments and civil society is needed to achieve these same ends. This result obtains because, “that grand bargain presupposed an ‘international world’, not a ‘global world’ in which we now live.”<sup>4</sup>

Socialist proponents of the UN Global Compact argue that the current imbalance between the economic, social and political worlds, which continues to be characterized by civil wars, famine, disease, poverty, environmental crises and income disparity, is not sustainable in the long-term.<sup>5</sup> There is general agreement, likewise, that the social fabric of the global community must be rapidly strengthened in order to ensure market stability. Consequently, they wish to impose on the corporate sector, given its influence and financial resources, the ethical and legal responsibility to participate in this endeavor.

The United Nations is keenly aware of the strengths and weaknesses of the private sector, particularly the need for companies to preserve their public reputation, market presence and stock market value at all costs, and has sought to exploit them. Thus it has implored and even intimidated multinationals into advancing the collective interests of global society, in furtherance of a negative paradigm of sustainable development, while they pursue their ‘enlightened self-interest’.<sup>6</sup>

“Social expectations about what corporations are and how they should behave have moved well beyond the traditional realm of philanthropy or business ethics. The name of the game today is to align the corporation behind broader social and environmental goals, or to at least take actions that do not undermine them. Society increasingly looks to the business community to couple its new global rights with new global responsibilities, and it is actually good business to step up.”<sup>7</sup>

To help facilitate this process, the UN has designed the Global Compact so that companies can learn to “weave universal social and environmental values into the fabric of corporate activity everywhere, to advance broader societal goals and to address some of the downsides of globalization, while giving open markets a social dimension.”<sup>8</sup>

### The Global Compact is Also Intended to Enhance the Activist NGO Corporate Social Responsibility Movement:

Clearly, the doctrine of corporate social responsibility (CSR) preceded the advent of the Global Compact, though, early on, this movement was primarily focused on the home country operations of transnational businesses and on the internal issue of corporate governance. However, increasingly, various international stakeholders comprised mostly of non-governmental organizations (NGOs) and European national governments, have come to expect

more of transnational businesses, and they are increasingly looking to the global private sector to help with complex and pressing social and economic issues.<sup>9</sup> To satisfy these demands, businesses with transnational operations have begun to consider not only their 'group' CSR performance, but also that of their corporate suppliers and corporate customers, wherever they may be located. The result is that companies intimidated by NGO disparagement campaigns are imposing codes of conduct on both their suppliers and customers to ensure that other companies' policies or practices do not reflect unfavorably on them.

Consequently, it has become ever more difficult for a company's overseas activities, or those of its foreign suppliers and customers, to escape the scrutiny of passionate, issue-oriented NGOs whose mission is to monitor and evaluate international business practices, products and/or services according to European and UN-promoted 'universally accepted humanitarian, social and/or environmental principles'. Indeed, through their extensive international networks, NGOs have become influential enough to trigger trans-border consumer protests and product/service boycotts that have adversely impacted companies' financial results, and thereby, caused companies to alter their business-to-business, business-to-government and business-to-consumer relationships.

The Global Compact is intended to take advantage of the European notion of CSR and of the activist initiatives that support it by exporting such CSR standards around the world. This movement towards corporate social responsibility and sustainability, furthermore, has inspired a cadre of liberal individual and institutional investors to increasingly look beyond a multinational company's economic performance to focus on their social and environmental performance as well.<sup>10</sup> For example, the Global Compact subtly calls for (as a condition to membership) that companies prepare non-financial 'Corporate Responsibility', 'Social' or 'Sustainability Reports', which describe, apart from their annual financial reports, all of the social and humanitarian philanthropic ventures and environmental mitigation efforts they have undertaken. Within these reports they also identify any sustainability and/or corporate social responsibility recognition awards and certifications they have received, as well as any business associations, workshops or projects to which they have contributed.

#### The Nature of the Responsibilities That Must Be Assumed:

The Global Compact is comprised of nine principles that represent a core set of universally accepted values championed by the United Nations in the areas of human rights, labor standards and the environment.<sup>11</sup> These values were drawn from the Universal Declaration of Human Rights, the International Labor Organization's Fundamental Principles on Rights at Work and the Rio Principles on Environment and Development – including the ***Precautionary Principle***. Companies are asked to *voluntarily* embrace, support and enact these values within 'their sphere of influence' in order to participate. To demonstrate their adherence to and support of these nine principles, companies are challenged to voluntarily adopt sustained practices that give practical meaning to them. This means, in effect, adhering to the 'wingspread' definition of the Precautionary Principle advocated by the social and environmental activist stakeholders of the Global Compact.<sup>12</sup>

The Global Compact is deceptively appealing. First, it has been advertised as a means to *improve* the corporate reputations of companies, both large and small, and to avoid regulation. One Global Compact Report notes how the Compact represents “an ambitious and unprecedented experiment to fill a void between regulatory regimes, at one end of the spectrum, and voluntary codes of industry conduct at the other. It is itself a kind of corporate conduct and social responsibility [standards] code.”<sup>13</sup>

However, once companies provide the non-financial annual reports called for, they are then subject to the sweeping demands of NGO activists who monitor and review the content of the reports with an eye towards finding imaginary inconsistencies, inaccuracies and/or misstatements. The Nike Shoe Company and Shell Oil, among other companies, have found this out the hard way. In fact, many Global Compact member companies continue to receive activist shareholder resolutions criticizing their operations at corporate annual meetings.

Second, the Global Compact has also been falsely advertised as providing a *refuge* for law-abiding companies from popular corporate regulatory movements. In actuality, the Compact has fostered national and/or international activist movements that seek to constrain otherwise lawful corporate conduct within a binding legal framework<sup>14</sup> and that do not recognize efforts made by members of the international corporate community to adequately govern their own conduct.<sup>15</sup> Furthermore, there has been considerable pressure applied by EU legislators to impose mandatory verification, compliance and reporting standards within the Global Compact initiative in order to bind multinational (mostly U.S.) companies.<sup>16</sup>

Third, the Global Compact has been falsely advertised as not contributing to the adoption of formal mandatory United Nations code of conduct.

The Global Compact As John Ruggie explains,

“The Global Compact has explicitly adopted a learning approach to inducing corporate change, as opposed to a regulatory [code] approach...complete with monitoring and compliance mechanisms. [It did this for pragmatic reasons.] First, the probability of the General Assembly adopting a meaningful code approximates zero. The only countries eager to launch such an effort at this time are equally unfriendly to the private sector, human rights, labor standards and the environment. Second, the logistical and financial requirements for the UN to monitor global companies and their supply chains, let alone small and medium-sized enterprises at national levels, far exceed its capacity...When it comes to effective regulation there is simply no substitute for stronger national action. Third, any UN attempt to impose a code of conduct would not only be opposed by the business community, but also would drive progressive business leaders into a more uniform anti-code coalition.”<sup>17</sup>

However, it must be remembered that the decision made by the broader United Nations not to directly regulate or monitor the corporate conduct of Global Compact participants was not for want of trying. Many do not recall how the UN previously tried but failed in its efforts to directly regulate transnational corporate behavior.<sup>18</sup> In fact, this effort to regulate corporations' international conduct continues to this day with respect to the issue of corporate corruption through the activities of the General Assembly, as supported by the European Parliament.<sup>19</sup> One such example is the UN Convention Against Corruption.<sup>20</sup> Another such example is the Draft Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises

With Regard to Human Rights (‘the Draft Norms’) approved by the UN General Assembly during August 2003.<sup>21</sup> According to one commentator, “the Draft Norms are expressly aware of and complementary to the UN Global Compact and may be viewed as an explication of the Compact’s 9 Principles...[They] cover [among other] areas...obligations with regard to consumer protection...[and]...obligations with regard to environmental protection.”<sup>22</sup> In addition, the UN Global Compact Office, with the assistance of activist NGOs, has imposed upon U.S. businesses precautionary principle and corporate social responsibility standards indirectly via UN and EU facilitated and financially supported supply-chain management initiatives tied to company Global Compact participation.<sup>23</sup>

Consequently, companies have been either lured or otherwise compelled to join the Global Compact to *shield* their activities and business reputations from activist NGO public disparagement campaigns. However, if company efforts to abide by the Global Compact’s principles are found to be ingenuous (not satisfactory to the growing corporate accountability movement), companies will be accused of ‘blue-washing’ and ruthlessly disparaged by NGOs.<sup>24</sup> This will effectively place them in a worse situation than if they had not become a Global Compact participant at all.

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<sup>1</sup> See John Gerard Ruggie, “The Theory and Practice of Learning Networks: Corporate Social Responsibility and the Global Compact”, at <http://65.214.34.30/un/gc/unweb.nsf/content/JRuggie.htm> ). Mr. Ruggie was formerly Assistant Secretary-General and senior advisor for strategic planning for Secretary-General Kofi Annan. His assumed responsibilities included the Global Compact. Aside from the events that occurred on the streets of Seattle, Genoa, or Prague, it is argued that, perhaps, the events that took place on September 11, 2001, are also manifestations of such a backlash.

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.

<sup>4</sup> According to Mr. Ruggie, “The problem today is that it presupposed the existence of ‘national economies’ engaged in external transactions, which governments could mediate at the border by tariffs and exchange rates, among other tools. Today, markets have gone global, leaving behind merely national social bargains.” Ibid.

<sup>5</sup> Global Compact Office, “The Global Compact: Report on Progress and Activities”, p. 3, July 2002.

<sup>6</sup> “The support for human rights, labor standards and protection of the environment is not, however, an exercise in corporate altruism, but rather an expression of ‘enlightened self-interest’.” Global Compact Office, See “The Global Compact: Report on Progress and Activities”, quoting Secretary General Kofi Annan, pg. 4, July 2002.

<sup>7</sup> John Gerard Ruggie, at p. 4.

<sup>8</sup> Jane Nelson, Building Partnerships: Cooperation Between the United Nations System and the Private Sector, p.135 (UN Dept. of Public Information, 2002); The four primary partners contributing to the growth of the Global Compact are: 1) The Int’l Labor Organization; 2) The UN Environmental Program; 3) The Office of the UN High Commissioner for Human Rights; and 4) The UN Development Program.

<sup>9</sup> Governments, for example have, for at least a decade, taken a more hands-off approach to regulating business, due to the globalization of commerce and shrinking resources. As a result, companies have learned to rely less upon government for guidance, and have instead adopted their own policies to govern environmental performances, working conditions and social and ethical concerns. See “Introduction to Corporate Social Responsibility – White Paper”, Business for Social Responsibility, pp.1 and 4, at:

(<http://www.bsr.org/BSRResources/WhitePaperDetail.cfm?DocumentID=138> ).

<sup>10</sup> At least two families of global sustainability/ corporate social responsibility indices were launched in the capital equity markets during 2000-2003. The Dow Jones Global Sustainability Indexes were created to track the financial performance of the leading sustainability driven companies in the world and within a particular region (e.g. Europe). See: ( <http://www.sustainability-index.com/sustainability/corporate.html> ). The Financial Times Stock Exchange (FTSE) 4Good family of global and regional indices was designed to track “companies that exhibit good policy, management and performance with regard to corporate social responsibility.” These indices were developed by the London Financial Times, in association with the Ethical Investment Research Service. To be included as a

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FTSE4Good Index constituent, a company must demonstrate that it: 1) respects and promotes universally accepted human rights wherever it does business; 2) fosters strong and mutually beneficial relationships with its stakeholders; and 3) works progressively towards the achievement of environmental sustainability. *See*:

( [http://www.ftse4good.com/firm\\_mediap1.asp](http://www.ftse4good.com/firm_mediap1.asp) ).

<sup>11</sup> There are two human rights principles, four labor principles and three environmental principles. They can be found on the Global Compact website at <http://www.unglobalcompact.org> .

<sup>12</sup> The precautionary principle is articulated within Principle 7 of the Nine Global Compact Principles. Business enterprises must adopt these principles in some way within the sphere of their daily business activities in order to maintain their participation in the Global Compact. “*Principle 7: support a ‘precautionary approach’ to environmental challenges*”. While this principle expressly uses the term ‘precautionary approach’ rather than ‘precautionary principle’ the underlying intent seems to be much broader - to incorporate and expand the soft norms contained within the international environmental legal regime as set forth in Rio Declaration Principle 15. The Global Compact website states that: “*The Secretary-General asked world business to support a precautionary approach to environmental challenges. The essence of the precautionary approach is given in Principle 15 of the Rio Declaration which states: “where there are threats of serious or irreversible damage, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. A key element of a precautionary approach is prevention rather than cure – it is more cost-effective to take early actions to ensure that the irreversible environmental damage does not occur. This requires developing a life-cycle approach to business activities to manage the uncertainty and ensure transparency... Investing in production methods that are not sustainable, that deplete resources and that degrade the environment has a lower, long-term return than investing in sustainable operations. In turn, improving environmental performance means less financial risk, an important consideration for insurers... [There are several] ways to apply the precautionary approach. [They include] analyzing potential environmental impacts of production processes and products (technology assessment), building-in safety margins when setting standards in areas where significant uncertainty still exists, banning or restricting an activity whose impact on the environment is uncertain, promoting the best available technology, implementing cleaner production and communicating with stakeholders”* (emphasis added). *See*, at:

([http://www.wfsgi.org/wfsgi/new\\_site/meetings/Meet\\_sum02/UN\\_Global\\_compact\\_progress/thenine.htm](http://www.wfsgi.org/wfsgi/new_site/meetings/Meet_sum02/UN_Global_compact_progress/thenine.htm)).

([http://www.wfsgi.org/wfsgi/new\\_site/meetings/Meet\\_sum02/UN\\_Global\\_compact\\_progress/prin7.htm](http://www.wfsgi.org/wfsgi/new_site/meetings/Meet_sum02/UN_Global_compact_progress/prin7.htm)).

<sup>13</sup> “The Global Compact: Report on Progress and Activities”, at p.4. The EU is working very closely with the United Nations Global Compact Office and social and environmental activist groups to facilitate the development of new global sustainability standards through a new standards body called the Global Reporting Initiative (GRI). *See*: (<http://www.globalcompact.org>). The GRI was “informally established in 1997 by the Coalition for Environmentally Responsible Economies (CERES) and the U.N. Environmental Program (UNEP)...to provide a global sustainability reporting standard... The GRI’s mission as an international standards body, is to develop, promote and disseminate a generally acceptable framework for sustainability reporting – that is, reporting on the environmental, economic and social performance of organizations...” (emphasis added). “UN Inaugurates International Sustainability Reporting Body”, *Edie Weekly Summaries* (4/12/02), at: (<http://www.edie.net/news/Archive/5406.cfm>).

<sup>14</sup> There are a number of international NGOs that advocate the adoption of a mandatory scheme to regulate and monitor otherwise lawful corporate conduct. *See*, e.g., “Acts and Conclusions of the Seminar on The Activities of Transnational Corporations: The Need for a Legal Framework”, organized by The Center for Technology and Innovation Management (CETIM), The Europe – Third World Center, & The American Association of Jurists (AAJ); “The Alternative Treaty on Transnational Corporations: Democratic Regulation of their Conduct”, from the International NGO Forum at Rio de Janeiro, at: (<http://www.igc.org/habitat/treaties/at-16.htm>); Danielle Knight, “USA: Corporate Codes Not Enough, Say Critics”, June 14, 2001, *Inter Press Service* at: (<http://www.corpwatch.org/news/PRT.jsp?articleid=85>); “Letter to Kofi Annan Recommending Redesign of Global Compact”, drafted by Corporate Watch, Secretariat of the Alliance for a Corporate-Free UN, January 29, 2002, (Corporate Watch has been leading an international campaign to document and expose the growing number of partnerships between various UN agencies and corporations with poor human rights and environmental records. It has also proposed an alternative relationship between the UN and corporations), at: (<http://www.globalpolicy.org/reform/2002/012902lett.htm>); Corporate Watch, “UN and Corporations Fact Sheet – What Should Be Done to Move Towards a Corporate-Free UN?”, (Support the Code of Conduct on Transnational Corporations and Human Rights, being drafted by the UN Sub-commission on Promotion and Protection of Human Rights), March 22, 2001, at: (<http://www.corpwatch.org>); Corporate Europe Observatory, “Davos: Groups Launch ‘Citizens Compact’ on the UN and Corporations”, January 28, 2000, at:

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(<http://www.xs4aa.nl/~ceo/untnc/pr28012000.html>); “Citizens Compact on the UN and Corporations” (The Citizens Compact stresses the need for the UN to develop a legal framework, including monitoring, to govern corporate behavior around the world), at: (<http://www.xs4all.nl/~ceo/untnc/citcom.html>).

<sup>15</sup> During the last few years, there has been a sharp increase in the development of codes of conduct by enterprises in many OECD (Organization for Economic Cooperation and Development) countries. A recent survey conducted by the OECD Trade Directorate (and completed in 2001) has discovered that there are approximately 246 codes of conduct originating from 23 OECD member countries. See: OECD Trade Directorate website at: (<http://www.oecd.org/ech/act/codes.htm>). The NGO, Business for Social Responsibility, published in 2000, a guide entitled, “Comparison of Selected Corporate Social Responsibility Related Standards”. It provides a detailed assessment of the performance recommendations of several prominent external standards developed by NGOs, advocacy groups and business associations. The standards surveyed include: Asia Pacific Economic Cooperation Code of Business Conduct (Draft), Caux Round Table Principles for Business, Global Reporting Initiative, Global Sullivan Principles, OECD Guidelines for Multinational Enterprises, Principles for Global Corporate Responsibility, SA8000, and UN Global Compact. See: BSR Store: Governance & Accountability, at: ([http://www.bsr.org/BSRStore/ShowProducts.cfm?DID=15&Action=Deatil&object\\_id=11&Product\\_ID=53](http://www.bsr.org/BSRStore/ShowProducts.cfm?DID=15&Action=Deatil&object_id=11&Product_ID=53)).

<sup>16</sup> For example, the European Parliament agreed in May 2002 “to a new European framework for corporate social responsibility [based on voluntary standards set forth within] European Commission proposals published in the form of a Green Paper... Euro MPs [nevertheless] underlined that legislation on company disclosure had a role to play.” Consequently, they voted [among other things,] : to set up a European CSR Forum to give rights to stakeholders such as consumer groups and NGOs to oversee policies alongside business and trade unions; to establish a *European Social Label* to endorse products where there is respect for human and trade union rights; to introduce the wider social and environmental impacts of companies’ performance into negotiations between employers and trade unions; to make *all* EU financial assistance to business subject to compliance with *basic standards*, including setting up a blacklist of companies guilty of corruption; and to mobilize the EU’s trade and development programs to tackle abuses by companies in developing countries.” **According to one MP, the “preferred solution would be not to opt for a British or European standard, but to [instead] support the emerging Global Reporting Initiative (GRI) [under the aegis of the United Nations Global Compact initiative]. This is being developed through genuine multi-stakeholder consultation, and is potentially applicable throughout the world. The GRI has already decided to move its base to Europe and has revised its format in response to criticisms of its approach to labor issues. Support for the GRI would mean the EU could use this voluntary standard as the basis for mandatory financial reporting requirements”** (emphasis added). Richard Howitt MEP, European Parliament Rapporteur on Corporate Social Responsibility, “European Parliament Votes For Regulation”, appearing in “Human Rights and Business Matters, Business Group Newsletter, (Autumn/Winter 2002), at: (<http://www.amnesty.org.uk/business/newslet/autumn02/regulation.shtml>).

<sup>17</sup> John Gerard Ruggie, “The Theory and Practice of Learning Networks: Corporate Social Responsibility and the Global Compact”, at (<http://65.214.34.30/un/gc/unweb.nsf/content/JRuggie.htm>).

<sup>18</sup> “The futility of attempting to impose a universal code of conduct on multinationals was amply demonstrated by the failure of negotiations that lasted 13 years in the UN Commission on Transnational Corporations. The effort finally foundered on an attempt to introduce an implementation procedure that would have judged individual corporate behavior in light of the code’s provisions. The diversity of voluntary business initiatives and principles is a source of innovation in defining responsible business conduct. This is the spirit in which ICC, on behalf of world business, is supporting the Global Compact...” Maria Livanos Cattai, “Responsible Business Conduct in a Global Economy – Companies are Now Subject to Intense Public Scrutiny, How Should They Respond?”, OECD Observer, September 28, 2000, at:

([http://www.oecdobserver.org/news/printpage.php/aid/335/Responsible\\_business\\_conduct\\_in\\_a\\_global\\_economy.html](http://www.oecdobserver.org/news/printpage.php/aid/335/Responsible_business_conduct_in_a_global_economy.html)). For more information about the prior UN effort to monitor transnational corporate behavior, See: Erik Leaver and John Cavanaugh, “Controlling Transnational Corporations” Volume 1, Number 6, November 1996, at: ([http://www.foreignpolicy-infocus.org/briefs/vol1/tncs\\_body.html](http://www.foreignpolicy-infocus.org/briefs/vol1/tncs_body.html)); Ellen Paine, “The Road to the Global Compact: Corporate Power and the Battle Over Global Public Policy at the United Nations”, October 2000, at: (<http://www.globalpolicy.org/reform/papers/2000/road.htm>); “Transnational Corporations and the UN Partnership Process”, Statement of the Asia-Pacific Peoples Forum on Sustainable Development, p.3, November, 2001, at: ([http://www.johannesburgsummit.org/html/prep\\_process/asiapacific.html](http://www.johannesburgsummit.org/html/prep_process/asiapacific.html)); See also: Tagi Safafi-Nejad, in collaboration with John H. Dunning and Sanjaya Lall, Outline of Proposed Book, “Eye of the Storm? The UN and Transnationals”, United Nations Intellectual History Project, at: (<http://www.unhistory.org/Research/Transnational.Corporations.Outline.htm>).

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<sup>19</sup> The EU and the UN have been working together to promote the adoption of a Global Convention on Corporate Accountability through the improved implementation of the OECD's 1997 Convention Against Corruption . See: European Parliament Report and Resolution On the Communication From the Commission Concerning Corporate Social Responsibility: A Business Contribution to Sustainable Development”, (COM(2002) 347-2002/2261 (INI)), European Parliament Session Document Final A5-0133/2003 (4/28/03), at: ([http://europa.eu.int/comm/employment\\_social/soc-dial/csr/sipade2.pdf](http://europa.eu.int/comm/employment_social/soc-dial/csr/sipade2.pdf) ).

<sup>20</sup> This treaty attempts to address “the systems of bribery and corruption that have infected government and business relations in *all* countries. One measure of this is published in an annual Global Corruption Perceptions Index of Transparency International. In the post Enron and WorldCom era, laws like Sarbanes-Oxley in the US are having the effect of creating tighter regulations and closer scrutiny of investment firms – who are also TNCs. But it is critical to ensure an effective global instrument against corruption.” See Joy Kennedy, “Global Rules for TNCs in an Era of Globalization and Uncertainty” (11/10/03), at: ([http://alainet.org/active/show\\_text.php3?key=5072](http://alainet.org/active/show_text.php3?key=5072) ).

<sup>21</sup> The Draft Norms were adopted in August 2003 by the Commission on Human Rights, Sub-Commission on the Promotion and Protection of Human Rights – Economic, Social and Cultural Rights – (Fifty-fifth session, August 4, 2003). See Documents: E/CN.4/Sub.2/2003/12/Rev.1 , E/CN.4/Sub.2/2003/13 , Commentary on the Draft Norms - E/CN.4/Sub.2/2003/38/Rev.1 Chairperson-Rapporteur: Mr. El-Hadji Guissé. See also, “Briefing on the UN Sub-Commission Draft Norms on Human Rights for Business” (3/24/03); Amnesty International UK overview report, (April 2003), at: ([www.amnesty.org.uk/images/ul/U/UN\\_norms\\_Business\\_final\\_aw.pdf](http://www.amnesty.org.uk/images/ul/U/UN_norms_Business_final_aw.pdf) ).

<sup>22</sup> See Joy Kennedy, *supra*.

<sup>23</sup> See Lawrence A. Kogan, “Precautionary Preference: How Europe’s New Regulatory Protectionism Imperils American Free Enterprise © (July 2005), at: (<http://www.itssd.org/White%20Papers/PrecautionaryPreference-EURegProtectionism-FULLVERSION.pdf> ).

<sup>24</sup> Businesses that exploit the public relations opportunities presented by Global Compact participation are likely to be further disparaged by activists. There is significant concern within the NGO community that many such companies have no intention of ever fulfilling the Compact’s voluntary commitments or of striving towards implementation of its nine principles within their core business operations. It is believed that these disingenuous enterprises are only desirous of ‘blue-washing’ their past records of poor performance. ‘Blue-washing’ refers to the phenomenon of socially and environmentally destructive corporations attempting to preserve and expand their markets by wrapping themselves in the blue UN Flag and claiming to be champions of UN values such as, human rights, poverty elimination and environmental protection. See: Kenny Bruno, CorpWatch, “Greenwash +10 – The UN’s Global Compact, Corporate Accountability and the Johannesburg Earth Summit”, January 24, 2002, at: (<http://www.corpwatch.org> ); “Defining Greenwash”, Greenwash Fact Sheet, March 22, 2001 at: (<http://www.corpwatch.org> ).