

## The Future of the Global Compact

In Lewis Carroll's book, "Alice in Wonderland", there is a scene where Alice comes to a fork in the road. "*Which road do I take?*" she asks. "*Where do you want to go?*" responds the Cheshire cat. "*I don't know,*" Alice answers. "Then," says the cat "*it doesn't matter.*"

There are advantages to forks in the road. After nearly a decade, shouldn't the partners engaged in the Global Compact take another look at where it should go and how to get there? It is time to review the experience with the Compact as well as taking a fresh look at its potential.

At the time that the Global Compact initiative was launched, it was seen as very simple by some and as vague and poorly defined by others. It was an appeal to business to help deal with the down side of globalisation. It brought together global business with global trade union organisations and global NGOs for that purpose. Its appeal was, in part, based on its simplicity.

Any review of the Compact should begin with its mission. There was and is a broad consensus on the idea of building decent societies through the respect of human rights, including workers' rights, and the environment. Those goals remain, but the evolution of the Compact quickly focused on what could be done inside of and by individual enterprises. It began to look very much like a CSR initiative with the added feature of being linked to the UN.

What should be the task of the Compact and what is its special role? Should it seek to have a "dominant market position" in CSR or to lead in areas where nobody else has a "comparative advantage"? That question relates to both its mission and its actors. What is unique in the Global Compact is the links with the UN and with its principles, which are derived from legitimate, universal standards.

The Compact's mission depends on the 10 principles. The principles do not have exactly the same characteristics. For example, if one compares the environmental and social principles, a fundamental difference appears. A tree depends for its defense, for its very existence, on people because it cannot speak for itself. People must step forward and act. On the other hand, workers have the right to form their own organisations, select their own representatives, and determine and defend their own interests. And, it is not appropriate for others to speak for them.

But, what do all of the principles have in common? In addition to being based on universal principles, they are all about governance. Rule of law and legitimate, functioning institutions are necessary to resolve conflicts. Something so fundamental, does not lend itself to purely technical solutions. It requires making right choices based on an understanding of the nature of the principles and of our common challenges.

How can human rights be respected without rule of law, due process, and an independent judiciary? Can the Global Compact seriously expect to ensure that human rights are respected or deal with human rights violations if rulers subject the ruled to arbitrary arrest, detention, torture or assassination? Isn't that about governance?

The rights of workers, especially the enabling rights to organise and bargain collectively must be, first and foremost, respected, protected, and promoted by governments. Even if those principles were 100% honoured by multinational enterprises, which is not the case, most of the world's workers do not work for such enterprises or even in their supply, production or service chains. There is no substitute for good laws, well enforced. Isn't that about governance?

And, will the planet survive through targets and technologies alone? Or, only through the good intentions of private parties? Don't citizens need to be free to force governments to clean up their act? And, isn't that governance?

As for the 10<sup>th</sup> principle on corruption, is it enough for companies to refrain from bribing government officials to end corruption in the world? The principle is, as it must be, much broader and calls for engagement in the fight against corruption. Action on the supply side alone, as important as that is, will not solve the problem. So, this one, like the nine original principles, is also about governance.

There is no society in history that has fully respected human rights, including allowing workers to form unions free from fear and intimidation, or cleaned up its environment without an important role for law and government.

If, fundamentally, everything depends on governance, one could conclude that it means that private, voluntary action is irrelevant and not worth the bother. In fact, the opposite is true. It requires a different way of thinking as well as a degree of engagement and commitment that is far beyond the most ambitious CSR initiatives.

One of the weaknesses of CSR is that, even though issues addressed are broad issues for society, they are addressed in the context of an individual firm and/or its business partners. It is a business, alone, that is expected to "do well by doing good" or a company and its investors who are to look at the "triple bottom line" or make the "business case" for freedom and for a clean environment.

Companies are intertwined with the countries in which they produce or source or market, and countries differ. And, many firms, even if they are not multinationals, are part of or affected by the global market environment. Under such circumstances, it is difficult or impossible to disaggregate all of the factors that are related to human, including workers' rights, and the environment. And, in the real world, there are a lot of situations that are not "win-win". Some are even "lose-lose". So, how does one grapple with the concept of sustainability or governance on a purely company-by-company basis?

Nobody would accept the idea that the Global Compact should be limited to the creation of isolated, private islands where people aren't tortured, where workers are not dismissed for organising trade unions, where industrial waste is not dumped and bribes not paid. Even if it were possible, would it be enough? And, going beyond those rights, few would accept the idea that such fundamentals as health care and education and other public services should be exclusively individual or single-firm responsibilities. Or that public services and governance could exist without government.

Companies, of course, have the responsibility to respect the principles of the Global Compact and more (including those contained in the OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy) in their own operations. Such behaviour can make a big difference, especially in countries that have laws that are weak or poorly enforced, but where firms are allowed to do the right thing. The United States is a good example. The US government does not effectively force companies to respect freedom of association, as shown by the ongoing, massive violation of laws in that area, but it fully respects their right to do so.

Respect of rights and the rule of law and governance that go with it are not only a moral question. They are also a rational way to organise society and the key to having societies that work.

Early in the history of the Global Compact, it was to be built around four "engagement mechanisms"; dialogue, learning, local networks, and project development. Of course, dialogue is the key to all four, but particularly the first three of those mechanisms. In addition to looking at the experience in the other areas, why has the growth of dialogue been so stunted and what role can it play in the future?

Dialogue is the best way to advance the 10 principles while, at the same time, addressing the governance issues that underpin all of them. A "dialogue-driven" Compact can become an important force for change. Its force can grow and multiply because people see its value and choose to accelerate and deepen their engagement. It will produce leverage and movement, which is more important and impressive than a longer and longer list of company supporters.

There is a long-identified need for increased dialogue in economic sectors. The problems in extractive industries, for example, are substantially different from those in the garment sector or in financial services or transport. Wouldn't it make sense to find some way that the Global Compact could help to encourage sectoral dialogue?

If individual businesses, at the national or international level are going to be able to engage in this broader dialogue, beyond individual companies, wouldn't it make sense for them to begin to develop a capacity to function in their sectors, something that is exceptional on the company side? In the trade union world, we have that capacity with sectoral structures, now called Global Union Federations, for more than a century. In recent years, there has been an explosion of social dialogue between multinational

enterprises and GUFs, some of which has produced international framework agreements. But, such dialogue has mostly been limited to individual companies. Where sectoral organisations exist, they are weak, with the exception of the International Shipping Federation (which has a close working relationship with the International Transport Workers' Federation). The International Organisation of Employers (IOE) has relations with many of them, but it is most often individual companies that work together with and through the IOE in relation to sectoral work in the ILO.

In most, perhaps all sectors, there are common challenges. And, sectoral considerations are often the key to progress, not just on social issues, but on the environment and, in some cases, on human rights. Wouldn't it make sense for the Global Compact to try to help to enlarge the space for sectoral dialogue?

It is not reasonable to expect individual enterprises or even several "champions" to deal effectively with the governance issues related to the 10 principles. Many firms consider it beyond their mandate. But, there are representative employers' organisations at the national level, bringing together large and small, foreign and national-based enterprises, which serve that purpose. And, they usually have independent, trade union counterparts.

At the global level, such organisations come together in the IOE just as the trade union national centres come together in the International Trade Union Confederation (ITUC). And, there are linked national-international structures in some NGOs.

Policy dialogues took place in the early days of the Global Compact. What lessons can be learned from those dialogues that will help to inspire companies and partner organisations to act together to achieve common goals?

Global Compact local networks have been developing. The participation of representative organisations of workers and employers has often been limited. How could the change and governance agenda, through the use of dialogue, become more central to their work? Could they also serve as a meeting place for real actors, particularly those with global links, to influence the functioning of the State?

If the Global Compact is to make a real and sustainable difference for the world in which we live, it should become a compact of social forces that can serve as a catalyst for change. The Compact's legitimacy comes from its principles and its power comes from the actors it brings together.

And, working together, we can deepen the roots and practice of democracy and good governance. We can help to build the kind of decent, fair, and sustainable societies that we all seek.

