

Multinational Corporations, Social Responsibility and Conflict

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“The international business community will increasingly need to promote greater economic inclusion and social justice in its operations, or it will be blamed for contributing to the conditions that lead to violent conflict.”

It is not a coincidence that the World Trade Center and the Pentagon were part of the same attack. In an increasingly global economy, these pillars of business and government are now tied together as the symbol of a growing link between the public and the private sector. The attacks are evidence of a rising perception that globalization creates poverty and inequality, which in turn create the motive for much violence. In response, the private sector is becoming more public-minded, while the public sector is becoming more business-minded. The events of September 11, 2001, the demise of Enron and a worsening recession clearly demonstrated that good corporate governance at home and abroad, promoting economic inclusiveness and community goodwill, are important elements of international security. This interweaving of roles calls for new partnerships between business and government, in which sharing skills and expertise can be valuable in promoting regional and global stability.

The security operations normally associated with peacekeeping are uniquely governmental responsibilities, which corporate actors actively avoid. Conflict is endemic to failed states, where

violence becomes the predominant means to express grievances and to secure control over wealth and key economic goods. While governments have the primary concern in preventing violent conflict, businesses and financial institutions have an important role to play in avoiding or resolving conflicts that are associated with economic production. These include conflict situations that stem from the breakdown of traditional social frameworks, involving an influx of immigrants and the rapid emergence of cash economies. Governments are also responsible for responding to conflict and post-conflict situations.

However, globalization and the mounting number of conflicts occurring in regions where multinational corporations (MNCs) operate have prompted international organizations, the media, human rights groups, social investors and consumers, as well as some corporate executives, to discuss the responsibility MNCs share in promoting peace and avoiding conflict. Corporate social responsibility and business ethics groups assert that corporations have an interest in leveraging their skills and impact to promote stability in their areas of operation, not only because it is the right thing to do, but also because it makes good business sense. The more traditional human rights groups make use of international law to ensure that businesses are not complicit in human rights abuses, while conflict resolution groups offer their problem-solving skills and their expertise in identifying root causes of conflict.

All these players agree that multinational companies operating across borders should bear some responsibility for the effects of their operations on the local environment and population. The role of business in conflict prevention, crisis management, post-conflict reconstruction and peacebuilding was the focus of several conferences held in 2001 by organizations ranging from large multilateral agencies such as the United Nations, the World Bank and the World Economic Forum to the smaller non-governmental organizations such as the International Peace Academy and Transparency International.

In October 2001, at a World Economic Forum workshop on security and political risks, participants agreed that businesses

increasingly acknowledge political stability to be crucial to their growth and that “they must construct global political and economic scenarios which do not ignore the potential for systemic discontinuities such as September 11, and the impact such events can have on the private sector.” They also asserted that “the systemic failure of governments unable to cope with the forces of globalization leads to the incapacity to provide for populations and opens the door to violent competition among local interests.”¹

In a recent report, UN Secretary-General Kofi Annan pointed out some of the methods armed groups use in international trade to fund wars, observing:

The impact of the pursuit of economic interests in conflict areas has come under increasingly critical scrutiny. Corporations have been accused of complicity with human rights abuses, and corporate ties have continued to fuel civil wars. It has become common knowledge that by selling diamonds and other valuable minerals, belligerents can supply themselves with small arms and light weapons, thereby prolonging and intensifying the fighting and suffering of civilians.²

Some prominent corporations have been accused of fueling wars and violence through their business operations in conflict-ridden areas. A number of companies have been sued under laws, such as the Alien Tort Claims Act, a US statute that allows aliens to sue in US courts for torts inflicted outside US borders, including those resulting from human rights abuses.

Recent lawsuits include actions against two large oil companies, Unocal and Talisman Energy. In 1996, Burmese villagers sued Unocal in California federal court for human rights violations arising out of the company’s involvement in a gas pipeline project in Myanmar (Burma), where an oppressive military gov-

¹ < www.wef.org >.

² Kofi Annan, “Report to the Security Council on the protection of civilians in armed conflict,” 30 March 2001, UN, S/2001/331, p. 14.

ernment is defending itself against a guerrilla insurgency. The plaintiffs accused the company of participating in human rights violations against them. While the trial judge, in a ruling now on appeal, dismissed the case against Unocal, the judge's opinion was important because it acknowledged that "the evidence does suggest that Unocal knew that forced labor was being utilized and that joint ventures benefited from the practice."

Talisman, Canada's largest energy company, was sued in November 2001 in federal court in New York City by citizens of the Sudan, where the company is involved in oil operations, as civil war rages between the Muslim-dominated government in the North and the predominantly Christian communities in the South. The plaintiffs have accused Talisman of facilitating what appears to be the Sudanese government's ethnic cleansing campaign against black and non-Muslim minorities by supplying financial and logistical support to the government in its oil operations.³

The question arises whether an MNC should continue to operate in a region where its business might be directly or indirectly aggravating an existing conflict. Some leaders of MNCs facing this dilemma have argued that leaving the area will simply allow a less scrupulous corporate actor to partner with a corrupt government, thus diminishing the prospect of respect for human rights.

MNCs cannot and should not replace governments as the primary actors in international peacekeeping. However, multinational corporations working in partnerships with government, NGOs and civil society can use their business skills and financial leverage to promote regional stability.

³ See *Doe v. Unocal*, Case No. CV 966959, pending in US District Court for the Northern District of California, and *Presbyterian Church of Sudan v. Talisman Energy*, Case No. 01 City. 9882, pending in the US District Court for the Southern District of New York, both of which are discussed in *eMonitors Legal* 1:1 (Winter 2002).

THE ROLE OF MNCs

According to one observer, the private sector can contribute to pre-conflict or conflict prevention strategies in stable and peaceful regions in three ways: “through its core business activities, social investment programs, and engagement in policy dialogue and civic institution building.”⁴ Business can play a role in conflict prevention through activities that incorporate social and environmental policies or guidelines on human rights.

Managing pre-conflict or conflict situations in higher risk regions is more challenging but can be accomplished through “preventive diplomacy, fact-finding and mediation missions,”⁵ although it is extremely rare for a company to become involved in actual peacekeeping operations or military deployment unless it provides logistical support services as a core business activity.

An MNC can also contribute to crisis management in conflict zones through commercial or philanthropic support for humanitarian relief and responsible management of security arrangements for the company’s operations, thereby minimizing the risks of human rights abuses.

Finally, businesses can support post-conflict reconstruction and reconciliation by participating commercially in rebuilding infrastructure and investing in key productive sectors. They can help create the conditions for resuming trade, improving savings rates, increasing domestic and foreign investment, promoting macroeconomic stabilization, rehabilitating financial institutions and restoring appropriate legal and regulatory frameworks. Currently, many cross-sector partnerships promote international security and explore conflict prevention, crisis management and post-conflict reconstruction strategies that address the three principal causes of conflict: corruption, poverty and social inequality.

⁴ Jane Nelson, *The Business of Peace* (London: Prince of Wales Business Forum, International Alert and Council on Economic Priorities, 2000) p. 45.

⁵ *Ibid.*, p. 47.

CORRUPTION

Corruption stems from the lack of an honest, transparent and accountable governance system. Corruption may result in government's loss of control and order, leading to institutional breakdown and conflict. Consequently, multinational organizations and NGOs are increasingly drawing the private sector into the global initiative against corruption in order to encourage good governance and conflict prevention. Financial institutions that once considered themselves removed from social and environmental controversies have suddenly found themselves the center of attention. The financial industry has become a major focus of the global anti-terrorism movement, as evidenced by the US and European governments' efforts to freeze the assets of suspected al-Qaeda supporters and other terrorist organizations.

In 2000, the anti-corruption organization Transparency International convened a meeting of 11 international private banks, including Citibank and Chase, to agree upon a set of "know thy customer" anti-money-laundering guidelines, which became known as the Wolfsberg Principles.⁶ Transparency International's integrity pact calls for businesses to control extortion, bribery and corruption and to adopt policies of full transparency regarding funding arrangements in government contracts.⁷ Similarly, the UN Office of the Global Compact is examining the issue of transparency in revenue sharing as a tool for conflict prevention. BP, Statoil and Newmont Mining Corporation have begun acting on these principles.

In 1997, BP recognized that the company's involvement in Angola could become problematic, "if the government fails to live up to the commitments to increase democracy, accountability and transparency, and if oil revenues continue to be the main

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<http://www.transparency.org/pressreleases_archive/2000/wolfsberg_principles.html>.

⁷ <http://www.transparency.org/building_coalitions/integrity_pact/index.html>.

source of income to the government.”⁸ BP chairman Peter Sutherland announced that the company would insist that the payments BP made to the government be transparent. BP took this step in advance of its first oil production as a result of ongoing dialogue with Angolan civil society leaders, international NGOs, its own employees and the Angolan government.

Statoil applies the same standards of accounting, reporting and transparency to its operations in Angola as its operations in Norway. The accounts covering its revenues and expenses in Angola are in the public domain with the Norwegian Register of Company Accounts at Brønnøysund.

In 1998, when Newmont Mining Corporation began its joint-venture Batu Hijau copper mine in Indonesia, it created a program to promote transparency in revenue-sharing payments to host governments. With its first royalty payment, Newmont placed a full-page advertisement in local and regional newspapers detailing the amount of money transferred to the national government. For subsequent payments, totaling more than \$38 million by the first quarter of 2002, the company generated news coverage detailing the royalty payment, transfer documents and deposit account number. Legally, a percentage of royalties is to flow back to the region of impact but, in reality, it is often delayed or not sent at all. At first, regional authorities, whose receipt of mining royalties was suddenly exposed to public scrutiny, reacted by attempting to deny the payments. Over the course of a year, however, both local and regional authorities used the increased transparency and media coverage to pressure the national government to return funds more quickly to the region.

In combating corruption, businesses find themselves complying with international laws. The Organization for Economic Cooperation and Development’s (OECD) Convention on Combating Bribery of Foreign Public Officials in International Business

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<www.bp.com/corp_reporting/social_perf/relationships/governments/investment.asp>.

Transactions, known as the OECD Bribery Convention, obligates its 34 member states to criminalize the bribery of foreign public officials in the conduct of international business.

Similar laws have been passed by numerous regional organizations such as the Organization of American States (OAS), Global Coalition for Africa (GCA), Asia Pacific Economic Cooperation (APEC) and Council of Europe (COE). UN member states are negotiating a new legally binding international convention against corruption to address the problems it poses.

INEQUALITY AND POVERTY

As poverty and social injustice can be root causes of conflict, greater understanding is needed of the ways in which global economic forces increase the risk of conflict. Ways to diminish those risks also need more attention. Many people believe that the global economy exploits them and that global business and its symbols, such as the World Trade Center, are legitimate targets of violence. Kofi Annan asserted at Davos in January 2001:

If we cannot make globalization work for all, in the end it will work for none. The unequal distribution of benefits, and the imbalances in global rule making, which characterize globalization today ... will unravel the open world economy that has been so painstakingly constructed over the course of the past century.⁹

While company operations may be disruptive to local communities, they can also help provide stability by addressing the concerns of those who are neglected and excluded from the benefits of the operations. Poverty reduction plans and business creation programs, as well as revenue-sharing schemes such as funding for foundations that support social development and environmental remediation, can all make a difference.

Corporate managers feel that dialogue with host government, home government, local government representatives, civil society

⁹ Kofi Annan, Address to the World Economic Forum, Davos Switzerland, January 28, 2001; available at <www.unglobalcompact.org/un/gc/unweb.nsf/content/speech.htm>.

groups, local and/or indigenous community leaders and, when relevant, multilateral organizations, is important for building bridges for understanding. The World Bank's Emerging Best Practices on Consultation calls for "gathering relevant social and cultural information, designing community relations programs, and developing local capacity to effectively communicate complex issues across cultural barriers."¹⁰

Many MNCs work under a social license. These companies are expected to help develop the region where they operate by hiring local employees, providing training programs, sourcing locally and consequently supporting the local economy. Some MNCs have avoidance or do-no-harm mechanisms, which provide compensation for damages to land or costs of resettlement. Others initiate community outreach projects to build schools, hospitals and roads that may have little to do with their business interests. These projects often go hand-in-hand with local capacity-building efforts to ensure the sustainability of these projects beyond the life of the company's operations in the area.

NEW LEADERSHIP

Business leaders need to be sensitized to the effects of globalization. Business schools still tend to reflect Milton Friedman's belief that a company's role is only to maximize profits for shareholders. Such beliefs are removed from the cutting-edge research of leading NGOs and the real activities of international corporations. In fact, doing business in various parts of the world forces executives to promote stability by being socially and environmentally engaged in their regions of operation.

In April 1999, in a significant act of corporate leadership, the chief executive officers (CEOs) of Reebok, Levi Strauss & Co. and Phillips Van Heusen Corp. sent a joint letter to Jiang Zemin, the President of the People's Republic of China. They stressed their concern "about the arrest and detention of Chinese citizens for attempting peacefully to organize their fellow workers or to engage in non-violent demonstrations concerning

¹⁰ <<http://www.worldbank.org>>.

the conditions of their employment.” While the President has yet to respond, it does mark the first time that CEOs have banded together in an attempt to advocate human rights.

More important, some executives have recognized the need to learn from past mistakes. Public attention to the role of extractive companies in civil conflict peaked in 1995 when Ken Saro Wiwa and eight other Ogoni were executed by the Abacha regime in Nigeria on trumped-up murder charges. Many saw Saro Wiwa’s real crime as advocating the rights of the Ogoni people, who opposed Shell Oil’s operations on their land. The company was destroying the environment and providing little compensation for the local community. At the time, a Shell spokesman asserted that the company could not publicly comment on the Nigerian government’s hanging of the Ogoni Nine because it was not an appropriate subject “for private companies to comment on.”¹¹

Five years later, in 1999, Shell’s chairman, Mark Moody-Stuart, said, “The demands of economics, of the environment and of contributing to a just society are all important to a global commercial enterprise to flourish.”¹² Today Shell is a leading member of several partnerships aimed at averting crimes such as the execution of Ken Saro Wiwa.

PARTNERSHIP INITIATIVES

Recently, governments, businesses and NGOs have begun to work together, developing innovative strategies that help alleviate problems in conflict zones.

Multilateral Organizations

At the end of the Second World War, the business community actively promoted the creation of the United Nations to further its own interest, and that of the world community, in recovering from the destructive effects of violent conflict.

¹¹ “A Green Oil Baron?” *Wall Street Journal*, 19 October 1999, p. B1.

¹² *Ibid.*

In January 1999, UN Secretary-General Kofi Annan initiated the United Nations Global Compact to harness the energy and influence of multinational corporations to act as good corporate citizens. Annan proposed the idea at the World Economic Forum in Davos, Switzerland, and formally launched it at UN headquarters in July 2000. The compact calls on companies to embrace nine universal principles concerning human rights, labor standards and the environment.¹³ In its first year, Global Compact focused on business operations in conflict zones and on ways to enhance cooperation between business and government. It examined how the private sector deals with security and human rights issues in conflict zones and identified tools that could potentially contribute to the prevention and resolution of armed conflicts.

The United Nations now relies on its partnerships with the private sector to help fund its development work around the globe. Ericsson, a telecommunications company, has a partnership with the UN Office for the Coordination of Humanitarian Affairs and the Committee of the International Red Cross, which provides telecommunications for humanitarian relief work in disaster areas. Cisco Systems supports the United Nations Development Programme (UNDP) through the NetAid.org initiative, which has raised more than US\$17 million to support humanitarian causes. Microsoft designed computerized registration systems for the United Nations High Commissioner for Refugees during the crisis in Kosovo.

The World Bank has created many initiatives to enhance security for companies willing to invest in risky parts of the world. In 1998, the World Bank launched Business Partners for Development, an alliance of business, government and civil society. The International Finance Corporation, the private lending arm of the World Bank, offers the “sustainability initiative,” a service that targets investments that are “financially viable, socially and environmentally beneficial and economically

¹³ <<http://www.unglobalcompact.org>>.

environmentally beneficial and economically sustainable,”¹⁴ even in risky and uncertain markets.

In countries with weak or no democratic structures and widespread human rights abuses, the World Bank is incorporating conflict prevention mechanisms in its lending framework for agreements between multinational corporations and host governments. The controversial funding for the Chad–Cameroon pipeline project is a case in point.

The US\$3.7 billion Chad–Cameroon oil pipeline project will develop oil fields in southern Chad, while constructing a 1,070 mile pipeline through Chad and Cameroon to the Atlantic coast. It involves two sovereign states, Chad and Cameroon, their respective pipeline companies (TOTCO and COTCO), three oil companies (Exxon Mobil, at 40 percent; Malaysia’s state-owned Petronas, at 35 percent; and Chevron, at 25 percent), and \$700 million in loans from the World Bank and the US and French governments.¹⁵

The World Bank, in an attempt to prevent governments from using their revenues for purchasing weapons of war, is incorporating social, economic and environmentally sustainable practices intended to benefit the civil societies of Chad and Cameroon. The Bank’s funding requirements stipulate that 80 percent of each government’s share of the revenue must be spent on improving public health services, education, agriculture, infrastructure and rural development, while 10 percent is to be held in trust for future generations. The World Bank’s lending requirements also reduce companies’ political risks in a region that has been plagued by sporadic outbreaks of civil war for most of the past 30 years, and encourage companies to invest in local economic development. As *Business Week* put it:

The \$3.7 billion project could bring Chad about \$200 million per year for the next 25 years, roughly doubling the government’s annual budget. If used wisely, it

¹⁴ <<http://www.ifc.org>>.

¹⁵ <<http://www.esso Chad.com>>.

could help rescue Chadians from their crushing poverty.¹⁶

The project was upheld as a model for new partnerships to prevent oil revenues from being diverted to corrupt government officials, but it was thrown into disarray in December 2001 with the announcement that Chad's President Idriss Deby had used \$4.5 million of the government's first oil receipts to buy weapons.

Governments

Many MNCs have come to learn that their operations and reputation can become inextricably involved when government security forces commit abuses against local populations. Shell in Nigeria, Occidental in Colombia and Enron in India all experienced such situations.

Over the past several years, leading human rights, environmental and conflict resolution groups have focused their energies on the extractive sector. They see it as not only complicit in human rights abuses, but also a potential powerful and influential mobilizing force that could prevent the funding of conflict and perhaps even promote peacebuilding. Unlike other industries, extractive companies are tied to the ground and cannot simply leave when conflicts arise. The end of the Cold War has seen superpower confrontation replaced by a growing number of localized conflicts. Corporations involved in natural resources extraction, such as oil and mining, frequently find themselves heavily invested in some of the most politically and socially unstable regions in the world.

On 20 December 2000, the governments of the United States and Great Britain finalized the Voluntary Principles on Security and Human Rights, a groundbreaking agreement drawn by several major oil and mining companies to support a set of human rights principles governing their use of security forces in foreign operations. The governments of both countries described

¹⁶ "Chad's Pipeline could help investors and the poor," *Business Week*, 6 November 2000.

it as part of a continuing dialogue to assist multinational companies in “maintaining the safety and security of their operations within an operating framework that ensures respect for human rights and fundamental freedoms.”¹⁷

The initiative is unique and significant for two reasons. First, it demonstrates that multinational corporations, working closely with governments, NGOs and unions, can develop practical solutions to human rights issues that businesses face when operating in zones of conflict. Second, the accord is important because the participants include both the corporations that have been principal targets of NGO campaigns and many of the NGOs that have waged those campaigns. The companies that agreed to welcome the principles and support the dialogue process include Texaco, Chevron, BP, Conoco, Freeport McMoRan, Rio Tinto and Royal Dutch/Shell. The NGOs and unions that agreed to the initiative were Amnesty International, Human Rights Watch, Business for Social Responsibility, Fund for Peace, International Alert, Prince of Wales Business Leaders Forum, the Council on Economic Priorities, the Lawyers Committee for Human Rights and The International Federation of Chemical, Energy, Mine and General Workers’ Unions.

In 2001, the group expanded to include the government of the Netherlands and the International Committee of the Red Cross. Following suit, the US State Department is now developing other types of security agendas with business leaders, as are several other governments around the world.

Another government-led partnership initiative is the Kimberly Process. In 1999, the NGO Global Witness launched an international consumer campaign in conjunction with two other organizations to address and publicize the issue of conflict diamonds, or diamonds sold in exchange for weapons:

¹⁷ U.S. Department of State, Bureau of Democracy, Human Rights, and Labor, “Voluntary Principles on Security and Human Rights Fact Sheet,” 20 Dec. 2000; <http://www.state.gov/www/global/human_rights/01220_fsdr1_principles.html>.

Where they are mined responsibly, as in Botswana, South Africa or Namibia, diamonds can contribute to development and stability. But where governments are corrupt, rebels are pitiless and borders are porous, as in Angola, Congo or Sierra Leone, the glittering stones have become agents of slave labor, murder and wholesale economic collapse.¹⁸

In May 2000, in Kimberly, South Africa, African government officials, diamond industry representatives and civil society leaders met to discuss how the trade in conflict diamonds could be stopped. The UN General Assembly followed by adopting a resolution calling for the international community to develop an international certification scheme to break the link between armed conflicts and trade in rough diamonds.

The Kimberly Process, spurred by new evidence that terrorists are reaping millions of dollars from the illicit sales of diamonds, continues to meet with the backing of the leading diamond company, DeBeers. In late 2001 the group admitted, “We recognize the devastating impact of conflicts fuelled by the trade in conflict diamonds on the peace, safety and security of people in affected countries and the systematic and gross human rights violations that have been perpetuated in such conflicts.”¹⁹

NON-GOVERNMENTAL ORGANIZATIONS

Three NGOs—International Alert, The Prince of Wales Business Leaders Forum and The Council on Economic Priorities—recently published a report, *The Business of Peace*, which provides a framework for understanding both the positive and negative roles that businesses can play in situations of violent conflict. In its examination of more than 30 countries and a variety of industry sectors, the report makes a strong argument for the proposition that business has an interest in promoting conflict resolution:

¹⁸ “To Some Countries, Gems Bring Only Misery,” *The International Herald Tribune*, 7 Apr. 2000.

¹⁹ “Final Communiqué,” Kimberly Process II, Luanda, 30 October 2001.

There are 72 countries where the security risk for the majority of locations in which foreign business operates is rated medium, high or extreme for 2000. Today, only about 4 percent of the world's GNP is military related; 96 percent of the international business community provides civilian products and services. Most of these business sectors have a vested interest in stability and peace.²⁰

The report identifies six principles through which business can make a positive contribution to conflict prevention and resolution: (i) strategic commitment, (ii) risk and impact analysis, (iii) dialogue and consultation, (iv) partnership and collective action, (v) evaluation and (vi) accountability. These principles encourage a company to adopt measures such as creating guidelines to incorporate human rights into the company's operations, communicating with people in the community affected by the company's operations and examining the impact of its business activity on conflict. The many examples of successful business and NGO initiatives provide a clear illustration of the gains that can be achieved when both sides are willing to explore existing opportunities for collaboration.

In the Middle East, the Peres Center is working on projects that promote regional cooperation through joint business development projects in tourism, technology, agriculture, energy and infrastructure. The Center's peace technology fund has \$63 million in capital invested by Palestinian, Israeli and international companies. In Northern Ireland, two NGOs, Future Ways and Counteract, are helping companies to promote tolerance, diversity and interdependence between Catholic and Protestant communities. In Southern Africa, the Peace Parks Foundation helps form partnerships between governments, the private sector and local communities to promote conservation, eco-tourism and job creation across national boundaries.

The European Center for Conflict Prevention and Transformation calls for the European Union to "consult and work with

²⁰ Nelson, p. 5.

the private sector on issues which address the root causes of conflict, including: institution-building, equitable distribution of resources, anti-corruption measures, poverty eradication, human rights promotion and protection, and security sector reform.”²¹ Its secretariat, the European Platform for Conflict Prevention and Transformation, facilitates cooperation and the exchange of information and develops advocacy and lobbying activities among participating organizations.

Many other conflict resolution and peacebuilding NGOs assist companies looking for guidance and partners in this field, including the Carter Center, the Conflict Management Group, Search for Common Ground and Harvard University’s Program on Strengthening Democratic Institutions in the Former Soviet Union. According to David Hamburg, president emeritus of the Carnegie Corporation, “the activities of these groups include monitoring conflicts, providing early warning and insights into a particular conflict, convening the adversarial parties in a neutral setting, paving the way for mediation and carrying out education and training for conflict resolution.”²² While many of these initiatives are invaluable, the duplication of efforts by numerous NGOs and multilateral organizations presents a problem.

CONCLUSION

Globalization has winners and losers. In a period when ethnic and religious conflicts are intensifying in many areas of the world, bringing with them the potential for violence, the opportunities for MNCs to relieve existing tensions and to work toward sustainable solutions are increasing. This entails a focus by MNCs on economic inclusiveness, adherence to economic and social rights and observance of international environmental standards.

²¹ Andrew McLean, ed., *Preventing violent conflict: Opportunities for the Swedish and Belgian Presidencies of the European Union in 2001* (SaferWorld, 2001; available at <www.euconflict.org/euconflict/whatsnew/eulobbydoc.htm>).

²² David Hamburg, International Peace Forum Business and International Security Conference, Apr. 2000; available at <<http://www.intlpf.com>>.

Concepts of business responsibility are not really new in international human rights. The preamble of the Universal Declaration of Human Rights states that “every individual and every organ of society, keeping this declaration constantly in mind, shall strive by teaching and education to promote respect for these rights and freedoms.” Mary Robinson, the UN high commissioner for human rights, has made it clear that these organs of society include corporations: “It is not a question of asking business to fulfill the role of government, but of asking business to promote human rights in its own sphere of influence.”²³

MNCs should adopt a code of conduct that includes these norms, to be adhered to at home as well as abroad so that daily operations reflect sensitivity to regional differences of color, race or creed as well as a respect for human rights. Managers in MNCs find themselves operating in areas of armed conflict, indigenous cultural disputes, epidemic disease and other sources of social upheaval. This requires business professionals to be more security conscious and to undertake roles formerly reserved for diplomats, as promoting peace becomes an essential element of successful business operations. Clearly, working in a failed state will inevitably lead to a failed company.

As globalization continues, these problems will only grow: The international business community will increasingly need to promote greater economic inclusion and social justice in its operations, or it will be blamed for contributing to the conditions that lead to violent conflict. That may not actually be the case, but the perception is a fact of life in our rapidly shrinking world. One of the new realities of international security is that, while it is a primary responsibility of governments to ensure the security of their people within their nations, multinational corporations have both the power and the responsibility to foster good will among the people of the nations where they operate. 🏰

²³ Mary Robinson, “The Business Case for Human Rights,” *Visions of Ethical Business*, *Financial Times* Management, 18 December 1998; available at <<http://www.ftmanagement.com>>.