

The UN Can Help Business Help Itself

Thorsten Benner

July 19, 2005

What minimum human rights standards should multinational corporations have to adhere to? And how can these be guaranteed internationally even if individual states are unable or unwilling to enforce them? This month the United Nations secretary general, Kofi Annan, appointed John Ruggie, a Harvard professor, to find answers to these difficult questions.

Ruggie's nomination opens a new chapter in UN-business relations that will surprise many. Skeptics in the U.S. government and the American business community see the naming of a special representative on human rights and transnational corporations as a return to the dark ages of an anti-corporate United Nations seeking to put business in chains. They could not be further off the mark.

Ruggie's new job is to "identify and clarify standards of corporate responsibility and accountability for transnational corporations." His appointment represents the continuation of a business-friendly agenda that is bound to be one of the lasting legacies of Kofi Annan's term as secretary general. Indeed, this agenda has been one of the few successful catalysts for reinvigorating the ailing world body. Business leaders should continue to take advantage of this policy.

During his term, Annan has turned the United Nations into an institution that sees corporations as its partners and thus as part of the solution, not as part of the problem of global governance and development. As Annan emphasized, it "is the absence of broad-based business activity, not its presence, that condemns much of humanity to suffering." In recent years, the United Nations has reached out to business in numerous ways, forming an increasing number of partnerships, most recently in the wake of the Asian tsunami. The United Nations also actively supports and promotes the move by many companies toward corporate social responsibility. Under Annan's leadership, the UN has supported a broad range of voluntary initiatives by and with business. The UN Global Compact that seeks to promote responsible corporate citizenship is the most prominent example. Ruggie was one of its chief architects during his tenure as UN assistant secretary general.

At the same time, the United Nations has come to realize that the corporate social responsibility agenda is bound to fail if it is not embedded in a framework of binding rules. In the medium term, an "à la carte" approach to corporate social responsibility will undermine itself through lack of credibility. Responsible business needs a core set of binding rules to credibly be able to counter accusations that its corporate social responsibility initiatives are mere window dressing.

Such a set of rules would benefit companies that take their responsibilities seriously and give them a competitive edge through conducting responsible business - essentially, it would create a level playing field on which corporate laggards and cheaters will be called to account. A modern,

forward-looking United Nations can offer an umbrella for negotiating such a framework in an open and transparent process involving governments, civil society and business. And the newly appointed UN special representative can do much of the preparatory groundwork for such a process.

Ruggie faces a tall order, and he needs the expertise and contributions of business in order to successfully complete his mandate. Corporate chiefs should follow the example of the Business Leaders Initiative on Human Rights, a group that has pledged to support the work of Ruggie and that has already explored new tools for business to comply with binding human rights standards. Unfortunately, this initiative currently covers only a handful of companies.

The United Nations remains open for business - and there is a business case for working with the UN. The corporate sector should capitalize on this by cooperating with Ruggie.

About the Author: *Thorsten Benner, a co-author of **Critical Choices: The United Nations, Networks and the Future of Global Governance**, is associate director of the Global Public Policy Institute, Berlin.*