

# Global Compact

Organization: Global Compact

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Description The Global Compact initiative was launched in 1999 by the UN Secretary-General, Kofi Annan, as part of a wider effort to renew the United Nations by strengthening its ties to the private sector. The Global Compact, or GC, seeks to sensitize corporate leaders to the values and norms of the UN system by encouraging them to sign on to ten "core principles." GC Partners agree to:

- support and respect for the protection of internationally proclaimed human rights
- take steps to insure that they are not complicit in human rights abuses
- uphold the freedom of association and the effective recognition of the right to collective bargaining
- eliminate all forms of forced and compulsory labour
- work towards the effective abolition of child labour
- eliminate discrimination in respect of employment and occupation
- support a precautionary approach to environmental challenges
- undertake initiatives to promote greater environmental responsibility
- encourage the development and diffusion of environmentally friendly technologies
- work to eliminate all forms of corruption, including extortion and bribery

To participate in the GC, a company must send a letter to the UN Secretary-General expressing support for the GC and its principles, agree to initiate changes to business operations to integrate GC principles into the corporation's day-to-day operations, publicly advocate for the GC and its principles, and publish in its annual report a summary of how the company is working to advance the GC principles. The UN helps encourage businesses to internalize the GC principles by holding annual "Global Policy Dialogues" on globalization and corporate citizenship. Such meetings are held in cooperation with other UN agencies and some civil society groups. In addition to these annual meetings, the GC supports network-building between corporations and local and national associations working to promote socially responsible corporate practices. It also publicizes "best practices" to encourage companies to learn from other GC partners about how to best implement the GC Principles. Currently, the GC claims more than two thousand corporate partners and other stakeholders in more than eighty countries.

In addition to corporate partners, the GC also invites participation from civil society organizations at the international and, increasingly, the national and local levels. It seeks to promote greater cooperation between businesses and civil society groups as a means of enhancing corporate social responsibility. However, its success at engaging active civil society participation has been limited, mostly by the refusal of business partners to accept more transparency and openness in reporting on their implementation of GC principles. Civil society groups prefer to have mechanisms to allow independent monitoring of corporate compliance with GC principles as a condition for participation in the program. But the business community has steadfastly rejected any monitoring scheme, insisting that the GC remain a voluntary program. As a result, the GC has not seriously challenged "partners" whose practices clearly violate the GC and other UN principles.

Because of this serious flaw in the program, civil society participation has been limited. The GC web site claims just twenty-two international civil society partners from a pool of many thousands of internationally active groups, and even these have been publicly critical of the GC. Among these are groups like Amnesty International, Oxfam, and International Save the Children Alliance. Moreover, many of those groups listed as civil society "partners" have been publicly critical of the GC, participating in a counter-summit at one of the GC conferences and sending letters to GC architects George Kell and John Ruggie expressing their concerns. Expressing a widely shared concern, Human Rights First wrote:

...some companies are promoting their participation in the Global Compact as implicitly suggesting an indication of good conduct resulting in such approval. We continue to be concerned that these companies are using their participation in the Global Compact primarily as a marketing tool, despite the fact that they have made no discernible commitment to comply with the Global Compact principles. (Letter from Michael Posner of Human Rights First to George Kell and John Ruggie, 23 June 2004 Available: [www.humanrightsfirst.org/workers\\_rights/issues/gc/pdf/response\\_ruggie\\_kell\\_062304.pdf](http://www.humanrightsfirst.org/workers_rights/issues/gc/pdf/response_ruggie_kell_062304.pdf) (accessed 20 January 2006))

Reflecting a similar observation businessman and philanthropist George Soros has called the GC "corporate image whitewash." And Corpwatch has labeled the program "blue wash," since it allows corporations to hide their unscrupulous behaviors behind the UN's blue flag (Corpwatch website).

In short, the Global Compact reflects a relatively recent effort by the UN leadership to expand its relevance by engaging the business community more directly. This moves beyond its traditional focus on governments, and reflects an explicit attempt to build and expand networks between diverse sectors of society. The ability of the GC to effectively alter the practices of businesses, however, will depend upon its willingness and capacity to monitor corporate compliance with global norms and to sanction

companies that fail to use ethical business practices. Moreover, unless the UN confronts the very serious inequities of power between transnational corporations and member governments as well as civil society, it will not only fail to affect corporate practices, but it will undermine the already limited legitimacy it has.

Work Cited: **Corpwatch website.** *Tangled Up in Blue*,  
[www.corpwatch.org/article.php?id=996](http://www.corpwatch.org/article.php?id=996) (accessed 20 January 2006).

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