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SECRETARY-GENERAL PROPOSES GLOBAL COMPACT ON HUMAN RIGHTS, LABOUR, ENVIRONMENT, IN ADDRESS TO WORLD ECONOMIC FORUM IN DAVOS

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Following is the address of Secretary-General Kofi Annan to the World Economic Forum in Davos, Switzerland, on 31 January:

I am delighted to join you again at the World Economic Forum. This is my third visit in just over two years as Secretary-General of the United Nations.

On my previous visits, I told you of my hopes for a creative partnership between the United Nations and the private sector. I made the point that the everyday work of the United Nations -- whether in peacekeeping, setting technical standards, protecting intellectual property or providing much-needed assistance to developing countries -- helps to expand opportunities for business around the world. And I stated quite frankly that, without your know-how and your resources, many of the objectives of the United Nations would remain elusive.

Today, I am pleased to acknowledge that, in the past two years, our relationship has taken great strides. We have shown through cooperative ventures -- both at the policy level and on the ground -- that the goals of the United Nations and those of business can, indeed, be mutually supportive.

This year, I want to challenge you to join me in taking our relationship to a still higher level. I propose that you, the business leaders gathered in Davos, and we, the United Nations, initiate a global compact of shared values and principles, which will give a human face to the global market.

Globalization is a fact of life. But I believe we have underestimated its fragility. The problem is this. The spread of markets outpaces the ability of societies and their political systems to adjust to them, let alone to guide the course they take. History teaches us that such an imbalance between the economic, social and political realms can never be sustained for very long.

The industrialized countries learned that lesson in their bitter and costly encounter with the Great Depression. In order to restore social harmony and political stability, they adopted social safety nets and other

measures, designed to limit economic volatility and compensate the victims of market failures. That consensus made possible successive moves towards liberalization, which brought about the long post-war period of expansion.

Our challenge today is to devise a similar compact on the global scale, to underpin the new global economy. If we succeed in that, we would lay the foundation for an age of global prosperity, comparable to that enjoyed by the industrialized countries in the decades after the Second World War. Specifically, I call on you -- individually through your firms, and collectively through your business associations -- to embrace, support and enact a set of core values in the areas of human rights, labour standards, and environmental practices.

Why those three? In the first place, because they are all areas where you, as businessmen and women, can make a real difference. Secondly, they are areas in which universal values have already been defined by international agreements, including the Universal Declaration, the International Labour Organization's Declaration on fundamental principles and rights at work, and the Rio Declaration of the United Nations Conference on Environment and Development in 1992. Finally, I choose these three areas because they are ones where I fear that, if we do not act, there may be a threat to the open global market, and especially to the multilateral trade regime.

There is enormous pressure from various interest groups to load the trade regime and investment agreements with restrictions aimed at preserving standards in the three areas I have just mentioned. These are legitimate concerns. But restrictions on trade and investment are not the right means to use when tackling them. Instead, we should find a way to achieve our proclaimed standards by other means. And that is precisely what the compact I am proposing to you is meant to do.

Essentially there are two ways we can do it. One is through the international policy arena. You can encourage States to give us, the multilateral institutions of which they are all members, the resources and the authority we need to do our job.

The United Nations as a whole promotes peace and development, which are prerequisites for successfully meeting social and environmental goals alike. And the International Labour Organization, the United Nations High Commissioner for Human Rights and the United Nations Environmental Programme strive to improve labour conditions, human rights and environmental quality. We hope, in the future, to count you as our allies in these endeavours.

The second way you can promote these values is by taking them directly, by taking action in your own corporate sphere. Many of you are big investors, employers and producers in dozens of different countries across the world. That power brings with it great opportunities -- and great responsibilities.

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You can uphold human rights and decent labour and environmental standards directly, by your own conduct of your own business.

Indeed, you can use these universal values as the cement binding together your global corporations, since they are values people all over the world will recognize as their own. You can make sure that in your own corporate practices you uphold and respect human rights; and that you are not yourselves complicit in human rights abuses.

Don't wait for every country to introduce laws protecting freedom of association and the right to collective bargaining. You can at least make sure your own employees, and those of your subcontractors, enjoy those rights. You can at least make sure that you yourselves are not employing under-age children or forced labour, either directly or indirectly. And you can make sure that, in your own hiring and firing policies, you do not discriminate on grounds of race, creed, gender or ethnic origin.

You can also support a precautionary approach to environmental challenges. You can undertake initiatives to promote greater environmental responsibility. And you can encourage the development and diffusion of environmentally friendly technologies.

That, ladies and gentlemen, is what I am asking of you. But what, you may be asking yourselves, am I offering in exchange? Indeed, I believe the United Nations system does have something to offer.

The United Nations agencies -- the United Nations High Commissioner for Human Rights, the International Labour Organization (ILO), the United Nations Environment Programme (UNEP) -- all stand ready to assist you, if you need help, in incorporating these agreed values and principles into your mission statements and corporate practices. And we are ready to facilitate a dialogue between you and other social groups, to help find viable solutions to the genuine concerns that they have raised. You may find it useful to interact with us through our newly created website, www.un.org/partners, which offers a "one-stop shop" for corporations interested in the United Nations. More important, perhaps, is what we can do in the political arena, to help make the case for and maintain an environment which favours trade and open markets.

I believe what I am proposing to you is a genuine compact, because neither side of it can succeed without the other. Without your active commitment and support, there is a danger that universal values will remain little more than fine words -- documents whose

anniversaries we can celebrate and make speeches about, but with limited impact on the lives of ordinary people. And unless those values are really seen to be taking hold, I fear we may find it increasingly difficult to make a persuasive case for the open global market.

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National markets are held together by shared values. In the face of economic transition and insecurity, people know that if the worst comes to the worst, they can rely on the expectation that certain minimum standards will prevail. But in the global market, people do not yet have that confidence. Until they do have it, the global economy will be fragile and vulnerable -- vulnerable to backlash from all the "isms" of our post-cold-war world: protectionism; populism; nationalism; ethnic chauvinism; fanaticism; and terrorism.

What all those "isms" have in common is that they exploit the insecurity and misery of people who feel threatened or victimized by the global market. The more wretched and insecure people there are, the more those "isms" will continue to gain ground. What we have to do is find a way of embedding the global market in a network of shared values. I hope I have suggested some practical ways for us to set about doing just that.

Let us remember that the global markets and multilateral trading system we have today did not come about by accident. They are the result of enlightened policy choices made by governments since 1945. If we want to maintain them in the new century, all of us -- governments, corporations, non-governmental organizations, international organizations -- have to make the right choices now.

We have to choose between a global market driven only by calculations of short-term profit, and one which has a human face. Between a world which condemns a quarter of the human race to starvation and squalor, and one which offers everyone at least a chance of prosperity, in a healthy environment. Between a selfish free-for-all in which we ignore the fate of the losers, and a future in which the strong and successful accept their responsibilities, showing global vision and leadership.

I am sure you will make the right choice.

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