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ANEXO I

Entrevista com John Ruggie.
16 de outubro de 2008.
Kennedy School. Harvard University. Boston, EUA.

Aragão – First question: after 9 years of the GC proposal brought to the WEF and 8 years of the kickoff event, how do you see the implementation of the Global Compact so far?

Ruggie – Well, I think it’s been done in a number of useful things, some of which we had hoped for and anticipated, and others of which were serendipities and I am glad they happened, but they weren’t necessarily planned. I think that one of the major accomplishments of the Compact has been its uptake in developing countries – something we have sort of generally hoped for but we didn’t think it would be quite as strong as it ended up being. For many developing country companies and also governments it seems to provide a sort of an entry point to the global CSR debate, and it is a safe space because it is the UN with its universal values and all that kind of stuff. So I think it is an important development. Secondly, I think Kell has focused in particular on driving the Compact principles sort of horizontally, if you will, into different arenas - not only the frontline companies whether it is mining, footwear or apparel but different sectors like the investment community, pension funds and alike. So, the sort of ethos of the principles of the Compact has been spread in a horizontal direction as well. Thirdly, I think some of the projects that the Compact has undertaken make some useful contributions on early work on the world business in conflict zones. There is now a working group chaired by Mary Robinson on human rights and business.

So I think a number of things in the external world have been quite positive. I think the impact of the Compact internally in the UN has been extremely important. We had a discussion here at the other night and the Head of the UNDP private sector engagement division – whatever, I can’t remember what it is called – was here and said essentially that the Global Compact provided the inputs and the framework for varies arms or varies branches of the UN including in the development area to construct business engagement strategies of their own and to think of business not simply either as an object of regulation or as a source of funds, but as a stimulus to growth and development, as a source for institutional and organizational capacity, technology and alike. So the impact internally I think has also been important. So I think a number of contributions have been made.

Aragão – Alright. I had several other questions together with this one that I think you have already answered or started answering somehow. How do you evaluate the importance of the Global Compact now? Is it more relevant today than it was in 2000? For which agents (like corporations, states, UN, NGOs)? I mean, when I tell some people that I study the Global Compact, they tell me “Oh, does it still exist?”, I mean because it was more in the media in that moment (2000), so I tell people “Yes, and it has been developing in several ways”. But what is then the importance today (2008) compared to the year 2000?
Ruggie – Well, I think the elements of inventiveness or innovation obviously was stronger in the year 2000, ’cause this was something novel for the UN to do and it helped resolve coordination problems with regard to CSR globally because all of the sudden you have a common focal point and as I say it was in the safe space of the UN in pursuit of universal principles, etc. So the innovation element was stronger in 1999 and 2000 than it is today clearly. There have been lots of developments in the CSR field since then. I think everyone is also more aware of what the limits are of CSR than was the case in 2000. So the world in some respects has moved on, but the world does not move in an equal speed in all places. So, whereas I think some of the leading companies, the leading CSR initiatives and the leading NGOs and so forth are struggling with new and different problems than they were 8 years ago, there are still other parts of the world where this is all still relatively new, and where a contribution continues to be made. Or sectors that haven’t really been brought into the debate like the pension funds, the investment community and so forth.

Aragão – I observe that the Global Compact was, somehow, a personal project that Kofi Annan wanted to implement in terms of developing a better connection between the UN and the business world, but why is the Global Compact effectively important to the United Nations? You started telling about the UNDP, but…

Ruggie – Well, that rationale continues to be as strong today as it was 8 years ago. Kofi Annan and those who worked with him realized that the United Nations has almost unlimited objectives that are assigned to it, but fairly constrained capacities. When we started the Global Compact, foreign direct investment flows were exceeding official development assistance by a factor of 6 to 1. So, this was a community that we wanted to mobilize in pursuit of the UN objectives. And I think that is still the case today. Even more so, ’cause in relative terms I think ODA (official development assistance) probably has declined even further, in large measure. So, the need to mobilize the institutional capacity, the resource space of the private sector on behalf of UN objectives, was one major driver and I think that driver remains valid today. The other thing which is a bit more difficult to sort of articulate and to grasp because it is a conceptual point is that the UN is an intergovernmental organization and it is fundamentally constrained by virtue of the fact that it operates within an intergovernmental framework and the interstate system. Companies have gone global and we are still struggling to respond to global challenges through intergovernmental means. I think one of the things that Kofi Annan had in mind was to essentially ride on the back of truly global efforts, both civil society and transnational corporations, in order to make the UN itself more global. As I say, that’s a more conceptual point, but nevertheless an important one.

Aragão - Can you point some big strengths and some big weaknesses of the Global Compact?

Ruggie – I think the strengths I have already mentioned: it is a UN initiative, its universal principles provide a common focal point, people feel comfortable working with a UN environment. It is not company- based, it is not NGO- based, and so forth. Those are all I think strengths.

The weaknesses are the resource constraints - the Global Compact office has about 20 people in it and it operates networks in - I don’t know - how many countries now, as well as trying to keep up with companies submissions and making sense out of them.
That is a fundamental weakness. So, you know, you do what you can with the resources that you have, and you have to make choices. And I do not want a second guess on Georg’s choices, because he is sitting there and I am not.

Aragão – You mention that the development of the Global Compact happened more in the developing countries, no?

Ruggie – That at the uptake it has been stronger than I would have anticipated.

Aragão – Why do you think it happens? Why wasn’t it more in the developed countries?

Ruggie – Well, it was always strong in the first group of companies to join - they were basically from Scandinavia. You know, a few German ones thrown in... So the countries that immediately gravitated to the GC were European countries with a social democratic historical experience whose, I think, viewed the Global Compact, in a sense, as a sort of a global effort at constructing some of the institutional fabric of social democracy at the global level. Then Germany came along and saw it as a global expression of its own sort of domestic social-market economy approach, and France came along and viewed it in its own traditions. So countries read things into the GC.

(Aragão: you mean the companies from countries?) The companies from countries saw the national context transposed into the international arena. So did the United States. American companies who mostly stayed away from the GC, because they did not like governments, and they certainly did not like international organizations, they do not like regulation and they fear that this would become part of a global regulatory framework. So it is really interesting how, at the beginning, companies from different countries read their national preferences and experiences into the Global Compact. For the developing countries that came along early, I can only report anecdotally what I know from having had conversations with people. (we did, at one point do) Mackenzie did a survey - in 2004 or 2005 - of what the different participants were getting out of the Global Compact, what confirms some of these anecdotes, but so for the developing countries one important reason for joining was that this was a way to signal to the international market place that they understood what CSR is and that they, therefore, are reliable partners in global supply chains. It is a very practical reason for a company that has international aspirations to do that. And in fact, a number of European countries, in turn, have written the Global Compact criteria into their official development assistance policy, into their export credit agency policies, in their investment guarantee policies, which reinforces that dynamic that the companies from developing countries had already seen. I think another reason which was expressed to me many times by company people from developing countries is that they felt that the business and government relationship or interface in their own countries was badly out of date. It was very rigid, it was backward looking, not forward looking, and membership in the Global Compact helps them in terms of their domestic politics vis-à-vis their own bureaucracies, saying “look these are how things are done internationally, these are how other governments are interacting with businesses in other places, and if you want us to be dynamic players and contribute to national developing objectives, etc, etc, we’ve got to get into this game as well. So these are all, I think, fairly practical reasons for engaging.
Aragão – One of the critics about the Global Compact, - as I’ve just read recently in an article wrote by Andrew Kuper - it is about the question of quantity and quality of the companies involved. How do you see the criticism that it has a number of companies involved and that it should have had a focus more in quality in the past, than in bringing a quantity of companies.

Ruggie – I think that is true. I mean, at the beginning the idea was to demonstrate that you can get as many players involved as possible to show how successful this was. But I think, as with any start-up, you have to start developing disciplines if you are going to be sustainable in a moment. So I think that Andrew’s criticism was certainly correct. The Compact has delisted a couple of hundred companies in the last year for being non-performers. And I think that’s a positive development because it signals that this isn’t just something you sort of sign up to, that there are some basic criteria and requirements.

Aragão – So, do you think that the Global Compact strengthen or weaken human rights?

Ruggie – I don’t see how it would have weakened human rights. It puts human rights on the business agenda in a way which it was never there before. I do not see how it could possibly weaken human rights.

Aragão – For the Global Compact, are the United Nations and the transnational corporations responding to a discourse or engaging in a discourse that was already created?

Ruggie – Well, it was a cacophony, it was not a discourse. And I think the fact that you brought a set of universally endorsed principles helped to turn a cacophony into a discourse, because it provided a focal point. As I say, the principles were not just made up by somebody sitting around the table in a company or in a NGO. These came out of international treaties and declarations which gave them an extra sort of legitimacy that homemade initiatives do not have.

Aragão – You are referring to the Global Compact as a focal point, but can you, please, place the Global Compact in comparison to others CSR initiatives like, for example, the ISO 26000, the SA 8000, I mean, why the need for so many initiatives? Shouldn’t they converge in the GC?

Ruggie – Well, they should converge somehow, but they all do somewhat different things, do not forget. ISO 26000 does not exist yet, and if it every does, it will be a miracle if anybody understands it, because it is such an extraordinary complex document, at least the drafts that I have seen so far. I do not know how many practical guides it is going to provide. SA 8000, you know, the fair labor association, those are basically certification schemes, that certify that certain conditions are met in factories. That is a different objective. GRI again is a different objective - it is standardizing reporting. So, in some ways I think Kell’s ambition, and you have to ask him this, but my sense is that his ambition would be for the Global Compact to provide the overall framework for these various subparts to fit themselves into the Global Compact. But they are all independent entities. They all have their own funding sources, etc, etc. So,
there is a closer relationship, I think than ever before, with the GRI and GC, but not so much with the other entities.

Aragão – Did you read an article from Bill Gates at Time magazine about creative capitalism?

Ruggie – I read about it, I did not read it.

Aragão – It tries to bring something new and creative about capitalism, but it is pretty much corporate social responsibility, but somehow could be philanthropy… So, I am just curious, I mean, it is not a question.

Now I would like to ask you to place the Global Compact in comparison to the UN norms. I mean… How would the Global Compact relate to possible norms in the future? Would it have an impact on the Norms?

Ruggie – When you say norms, do you mean the document called the Norms or do you mean norms as in social norms?

Aragão – I mean in the perspective of having UN norms, as “the UN norms for the corporations”. There was a draft, in the past…

Ruggie – So are you asking about the Draft (Norms)?

Aragão – No, I am not asking about that draft, because that draft was already not taken as part of the … I mean, you considered it at your mandate, but you are not working based on that. Let’s refer to it as the process of discussing UN norms. So you had the process of the Global Compact and the process of your Mandate on discussing UN Norms. If you think that the GC was developed more in terms of guidelines or principles, and then there is now this debate about norms and some NGOs making some pressure for mandatory norms, etc. How those two processes relate to each other? Do you think that the GC is going to conduct or is going to help or gives the support for the discussion on UN norms? Do you think they conflict somehow, like a kind of opposition? Do you think that they interact (one process learning with the other)? Or do you think they are just parallel process?

Ruggie – Well, the Global Compact itself and the Norms on Transnational Corporations and Other Business Enterprises - that document, let’s call it “the document” so we do not get confused with Norms with a big “N” and norms with a small “n” - so the Global Compact and the document emerged almost simultaneously. The document also emerged in the late nineties, and then it was presented to the Commission on Human Rights in 2003. At that point in time, they were parallel processes, with the Global Compact concept being of a learning forum, within which companies would generate approaches and develop tools to deal with various CSR related issues, whereas the document emerged as an attempt to develop legally binding standards. So they were parallel processes. What was the interaction between them? The only interaction overtly, explicitly, that I recall is that a number of the NGOs that participated in the Global Compact Board at the time pressured the Global Compact and Kofi Annan to endorse the norms. And Kofi Annan essentially said “if the Human Rights Commission decides to adopt these, then of course they become UN policy and we will support them. Until that happens, it is not my business to
endorse of what a bunch of people in a subsidiary body are trying to do. That was one response. The other response was “look, these were really two very different things”. The Global Compact is about institutional learning, and the document called “the Norms” is about regulation, and those are different. There is a place under the sun for both, but they do not have to try to turn the GC into a regulatory process, because learning and experimentation is important whether or not you have legally binding standards. So, there were two grounds for resisting importing the Norms into the GC. And then, in 2004, the HR Commission declined endorsing the Norms, said they had no legal status, etc., etc., and then created my Mandate basically to start all over again. Now, if you are asking the other question “what is the relationship between the Global Compact and norms with a small “n,” like social norms?”, then I think there the relationship is one of mutual learning. I have spent a lot of time in my Mandate trying to figure out what companies are really doing, and what practices really work, and what practices really don’t work, and where practices work and where they don’t work. In the Global Compact there is a very useful source of information for that, because it now has eight years of experience. At the same time, as we move forward in clarifying HR norms - with a small “n” - that are relevant for business, that should have an impact on the GC, because the GC principles on HR are very vague. So, there should be good synergies between the two. My Mandate differs considerably, however, from the GC in so far... Well, it differs in two ways. One, it focuses entirely on HR and not on the other things, but the other way it differs is that my Mandate also includes the legal and regulatory dimension which the GC does not. So I spent much more time struggling with international law than I’ve ever dreamed I would when I trained as a political scientist.

Aragão – Do you think your academic approach to international politics that connects embedded liberalism with social constructivism is translated somehow into your policy work at the UN?

Ruggie – Well, that is a long story. Sure, I mean, my academic work has to do with factors related to norms, social norms, the role of norms, the role of ideas, the concept of social legitimacy, etc., etc. - the way in which you can pursue, or develop and then pursue, a change agenda, if you are not the most powerful kid on the block. If I am a superpower, I’ve got lots of resources to draw on in order to get my way in the world. But if I am just the UN, without an army and without the power of taxation, I have got to have better ideas than other people, and I have got to figure out how to build on shared identities and notions of legitimacy, which of course a superpower should also do, and if it doesn’t it can get into trouble, but at the UN that is your daily bread. So if I were, academically speaking, a strict realist, there is not much I could have done at the UN, because the UN doesn’t have control over the variables that realism requires as a theory. I would have been better off in the State Department or the National Security Council, because that is where the hard power resources are. So, at the UN you deal with soft power, you deal with social norms and ideas. And you design processes like the intergovernmental panel on climate change. I think it is one of the most brilliant inventions of the UN, successfully over time narrowing the scope of debate over climate change and its sources, making it more and more indisputable, no matter how powerful you are you can’t argue with these facts. You can get up and say “I don’t care what the facts are; I don’t want to pay any attention to the facts.” You can do that, as the Bush administration has done in previous years, but that is different than being able to say “the facts are not right” or “the facts are in question”. So, when
you are at the UN these are the kinds of processes that you have to design in order to make change, because you do not have power, you do not have money, you do not have armies. So you have the force of power rather than the power of force - or, sorry, the other way around, the power of ideas rather than the power of force. But I think being a social constructivist was a good training for that.

Aragão – Alright. So the GC is described as a social learning network, a process of learning and raising consciousness. Can we say that the process is more important than the results?

Ruggie – Well, that becomes an excuse if it is carried too far, because you can always generate processes, but you don’t engage in processes for their own sake. They have to have a result. So yes, the fact that people who never talk to each other, all of a sudden talking to each other is a good thing, but it does not solve the problem by itself. You still need to get to a particular place.

Aragão – Facing the power of business today, should we have any expectations of mandatory norms in the future?

Ruggie – I think mandatory norms of some kind are inevitable. In this country (United States), I expect a major reorientation in the relationship between business and government going forward as a result of the experiences of the last few years and specially the last few months. So, my work on embedded liberalism was basically about the evolution of state-society relations, and how they go back and forth over time. And how, at least in the industrialized world, we basically got it right for a period of time, but then for a variety of reasons that came undone and we went back to another model, which has now run its course, and so and so forth. Yes, mandatory requirements are part and parcel of the co-evolution of business and governments relations. I have never seen a society that runs on pure voluntarism.

Aragão – What can the Global Compact show us about the current phase of global governance? Do you think the GC help us to learn about the profile of global governance nowadays?

Ruggie – I guess it depends on what you mean by global governance. I guess that what I would say is that the Compact has been stronger on consciousness raising than it has on learning. The learning has been a bit unstructured. People learn, and the institutions learn, but to really make a learning model work it has to be structured, so that you keep cumulatively building on lessons. I do not think that the Global Compact has had the capacity to do that. So, for example, there is now - I don’t know how many hundreds or more of - Communications on Progress that have been submitted by companies. They have to do this on an annual basis. The Compact doesn’t have the capacity to read the damn things, so it can’t distil lessons and throw them back out, and say “you know what, here is a really good approach to do supply chain monitoring; you all ought to be thinking about this as a best practice”. It just doesn’t have the capacity to do that. So, it is more in a consciousness raising mode than in a structured learning mode. I think largely because of capacity constraints.
Aragão – In the new phase of global governance, what is the meaning of the emergence of private authority there? Do you think that we are entering in a new phase of the global governance that brings together those private agents?

Ruggie – Yes and no. There’s been a proliferation of public private partnerships. Whether it is for development purposes, whether it is the Kimberly process, or the extractive industry transparency initiative, or whatever the case may be, there is a proliferation of those. But, at the end of the day, very few of those initiatives reach the scale of global governance. They tend to have a limited number of participants, probably a limited number of issues, and in most of the sectors in which they operate, they occupy a fairly small space. I think the real challenge for these initiatives is the problem of scale. To my knowledge, there is only a sort of two ways in which you reach scale. One is if you get into the DNA of markets, so then it becomes part of marketing dynamics. The other is if it gets enacted into regulation, and becomes part of the formal process of governance, and very few of these initiatives have done either. So, they remain very partial solutions to the challenges that we face.

Aragão – I have a doubt about this thing of international and global there. In terms of regulation through the United Nations, would you say that it is more an international regime or governance? If it enters into the DNA of markets, then we can say it is more global? I mean, in your article “taking embedded liberalism global” how do you see this kind of thing about the global there? You say “the corporate sector comes from provoking gaps to becoming the bridge between global economy and national communities”, but you do not refer to a global community or global politics in this sense. How do you see this connection between the UN - the international - and this kind of global sphere that maybe is just based in the market and the economy?

Ruggie – I am not quite sure how to answer that question. I think what I had in mind in that chapter that you refer to is a sort of historical analogy, which is very imprecise. But, as I look back at the history of business government relations in the United States, in the XIX century, companies were discovering the national economy as opposed to state economies. And as they were discovering the existence of a national economy they began to demand national regulation to protect their interests. And they prevailed on individual state governments and also on the federal government to institute some of those regulations, to operate them. Various corporations across the boundaries have their property rights protected on a national basis, and so forth. But then other social actors came along, like labor. And labor said “Wait a minute, why is it? Why is it that when it concerns strictly business interests, you want to have federal regulations, but when it concerns labor standards you want those to remain on a state by state level? We are not going to put up with that, if we are going to have national business regulation - that suits your interest, we are also going to have national labor regulations - that suit our interest”. So, a political dynamic took place, that resulted from the movements towards a national economy, which was led by corporations, but other social actors jump onto the back of it, and pulled themselves along with a time lag. The equilibrium probably never was equal. But, nevertheless, we ended up with a system of national labor regulations and not state by state labor regulations. It is a very imprecise analogy if it is projected into the global level, because there is no global government. But we have seen how business has created global rules. Look at the investment agreements, and the arbitration procedures that go along with investment agreements. So, other social actors legitimately raised claims. “If we are
going to protect your property rights globally, why should Mickey Mouse, through intellectual property rights' law, have greater protection than my human rights?” And so a political dynamic takes place that at least to some extent in the long run is irresistible, because you can’t forever make the claim that Mickey Mouse is more deserving of global legal protection than your rights or my rights. Do you see what I am saying? That is what I was driving at in that chapter.

Aragão – How was the Global Compact written? Has Kofi Annan asked you to write it? How did you agree in the principles? Were there any preparatory works? How did you come to the principles?

Ruggie – A very embarrassing story (laughs). Actually it is a funny story. We had all been…Those of us who care about these issues in Kofi Annan’s office, including him, had been thinking about what we needed to do in order to, one, overcome the very bad reputation that the UN with the business community, but more importantly, to engage the business community positively in the mission of the UN. So, we were looking for opportunities. And we sent the Secretary General out to give speeches to business’ groups and things like that, which Secretaries-Generals hadn’t done in the past. So, he went to Davos in 1998, gave a speech that said “Hi, I am the new Secretary General, we know that business is important, you have capacities that we do not have, you operate globally”, and blah, blah, blah”, that sort of things. It was basically an introductory speech. So, he was invited back in 1999, and he said “I just went last year, I don’t really see the need to go again, I don’t want to become over exposed, I do not want people to think I am running after the business community.” And I was his chief strategic advisor at the time and I said “I don’t think you should worry about over exposure to the business community, there is a lot of bad blood to overcome, and there are a lot of opportunities to be explored”, and I kept bugging him. And he finally said “Ok, if you can come up with a good idea that I can present to the business community as a challenge, come back and we will talk about it. So Georg and I, I think as late as October or November, started writing a draft speech, and we presented it to the Secretary General. And the speech, you have seen the speech, the January 99 speech, it was a challenge to the world, to the business. It did not propose a program, it was a challenge. We did not have time to think about whether this was going to lead to a program, we had to write the bloody speech and I had many other things to do. So, he went off to Davos, we did a lot of publicity around, because we thought it was an exciting idea. And the reaction was so positive; people said “Now what? What do we do now? You have launched this challenge, Mr. Secretary-General, so what do you want us to do? And how do we do it?” So, we had to turn it into a program because the speech was so successful. We did not do the speech to announce a program. And it was only after that, that we have started thinking about it: “Ok, who exactly are we going to work with? Which agencies need to be involved? How do we formulate the principles? etc, etc.” The speech took 6 weeks, the next step took a year.

Aragão – So the principles were not brought to the World Economic Forum in January 1999?

Ruggie – Only in the most general terms.

Aragão – So, was it written after that?
Ruggie – The specific formulation of the principles was written after that.

Aragão – It was written by you and Kell?

Ruggie – Well, the rights at work just come straight out from the ILO. (Aragão: and the other ones?). The human rights principles were sort of distilled from, you know… and the environmental principles equally were distilled from Rio. Yes, we drafted them with lots of consultations, of course.

Aragão – There were no preparatory works bringing a group of people together?

Ruggie – Only informally. We talked to lots of people. And with the agencies, once we realized, obviously. I always describe the agencies as the guardians of the principles. So the Office of the High Commission of Human Rights obviously had to be on board with the human rights principles, and the ILO had to be happy with how we formulated the labor principles, and so on.

Aragão – Another question entering into the dynamics of the games… You have just mentioned the political dynamics in the United States, about the embedded liberalism from the state to the national level. What was or is the role played by the US in the Global Compact and in your Mandate? I mean, it has to do with the US perspective on multilateralism? It has to do with the US culture of voluntary guidelines? How has the US played a role in recommending you as a Special Representative?

Ruggie – As a government the US hasn’t played a huge role. I mean, it’s more than 3 years since I have been SRSG and I have been to the State Department once. I have been to the Foreign Ministry in Oslo and in Stockholm, I do not know, four times. The US is not on the Human Rights Council, so there isn’t a day-to-day … Well, I keep people informed, I have a mailing list - whenever we do something I send it up to everybody. And, all of our stuff is on the website. But the US as a government has not played a huge role in my Mandate, and it didn’t play much of a role in the Global Compact.

Aragão – Was it somehow a way for the United Nations to bring business into the international politics? Or was it a way for the United Nations to try to be better seen also by the US government? Didn’t it have that approach at all?

Ruggie – Indirectly, I am sure that that was part of our thinking, although I do not remember that it was. But if we were trying to get over some bad history with business, obviously that would make a good impression on the US. But the US companies, at the beginning, weren’t very interested in the Global Compact. So as I said before, the first batch of companies were mostly Europeans and Nike showed up the first day.

Aragão – But in the time you were pointed as the Special Representative on the UN norms, there was no special participation of the Department of the State?

Ruggie – The American business community was interested. The Secretary-General heard from them, I think. Before he appointed anybody, he certainly heard, not about
me specifically, but about the kind of person that they would have wanted. And so did the NGOs, they sent him letters.

Aragão – So, it was not something promoted by the Department of State? At that time, Stephen Krasner was at the Department of State as Director of Policy Planning?

Ruggie – He was not there yet.

Aragão – So it didn’t have to do with it?

Ruggie – No. I don’t think so.

Aragão – Last question. Your mandate was recently renewed for 3 years. Congratulations.

Ruggie – I do not know about that.

Aragão – In September you had presented a preliminary working plan, but what are your expectations for 2011? Great expectations?

Ruggie – Success. Solution to all problems (laughs).

Aragão – I mean… Do you think it is going to be the end of the Mandate? And then…

Ruggie – This is a long term process of regime construction, this is how I view these. There is no way that it will be finished even by 2011, but what I hope to do is to get enough elements in place by 2011 that it will carry on in a certain direction with some momentum. For me, this is a living experiment of regime construction.

Aragão – All right, so that is it.
Aragão – After 9 years of the Global Compact brought to the World Economic Forum, and after 8 years of the kickoff event, how do you evaluate the Global Compact so far? I mean, from the beginning until now what are your feelings about it? Some things have improved, some others are arranged in a different way than you expected in the beginning… I mean, expectations from the beginning and results until now…

Kell – I think it has been a total surprise, and continuous to be a surprise, quite frankly. We launched the Compact, as you know, against the backdrop of negotiations around the WTO, and the questions of the social clause and environmental issues in multilateral trade agreements. So, initially, the motivation for launching the Compact was really to offer a way out of the dilemma that was then around the WTO (the World Trade Organization) - and the Seattle Ministerial Conference - where a lot of people out there, not just in the streets, arguing how come intellectual property rights are protected by trade rules – TRIPS - whereas socially, environmental and human rights issues are totally neglected. So the gap between economic issues and non-financial issues at the global governance level was so stark, that it caused a huge backlash. And knowing how the UN system works and the endowment of power… ILO has obviously a very important role in labor issues, but it doesn’t have the implementation tools and power to give practical meaning to its many conventions. It left a huge gap out there. And that’s where the idea was born: “why not ask businesses, especially global business, whose power has grown, and who have become so global to take on universal principles and implement them within one operation. So, at least we started building little islands of better improvements, even if overall global governance is still characterized by an enormous gap. That was an initial point of the porter, and initially we made the case for the Compact based on a moral core. We said, look, in today’s world power and responsibility cannot be separated. Business leaders who have benefited so much from liberalization have the responsibility to take on non-financial issues. So, it was a moral code, initially. What changed in the past couple of years, especially in 2005 and 2006, is that it’s been increasingly recognized (that) while the moral case is still very powerful and arguably undiminished, what has become even more important is the material dimension of the issues which we advocate. In other words, we have discovered on our journey what is the real material notion behind what we are advocating. Human rights, climate, water, supply chain management, anti-corruption has material dimension for financial viability at the micro level. This may not be obvious in the short term, but increasingly it is recognized in the long term. And the breakthrough for us, quite frankly, came after we launched the Principles for Responsible Investment – PRI at the New York Stock Exchange. PRI has given us the enormous opportunity to make the link with long term investment - responsible investment on one hand and business engagement in the Compact on the other. As we speak, right now, we have major new initiatives unfolding which link the two, and we are totally thrilled, quite frankly,
about this new dimension linking the two. There is one important surprise that evolved over the years. You know, we start off from a moral case and you discover in your journey that there is a material dimension behind the moral case through PRI. The other thing we had to learn the hard way, quite frankly, is the whole notion of accountability and the importance of transparency. Initially, the idea was simply, you know, anybody who participates in the Compact, just as an example, for hear how the organization implements the initiative. This was not sufficient. In 2005, we introduced, after a length of discussions, what is now known as the Communications On Progress - COP. And we had to enforce it, in other words, we had to make it a mandatory requirement. Participants, who do not disclose publically on an annual basis progress made up being delisted. I can give here the latest update. By the end of this year we will have delisted one thousand companies. In other words, we had to come to grips with the issue of free rider in a voluntary initiative, and that was a very hard lesson to learn, and we are still learning on it. Next level now is to move to quality, because even if you deal with the free rider issue, you haven’t solved the issue of quality. So, we are working on the next iteration of COPs, which will allow us over time to differentiate between engaged prompt runners and early starters. We are already closely aligned with GRI (Global Reporting Initiative). We basically adopted GRI, but we want to go even a step further and allow for differentiation in Communication on Progress. This is a very delicate and long term exercise. There is no silver bullet to solve it. But the GRI is very important, because gives you an established frame against which you can benchmark performance. So, overall I would say, the good news, the positive surprises being the global uptake, they are very proud that the Compact is truly global. This is not a northern initiative, it is a global initiative. Half of our participants are from emerging markets. I am going to China, just in 10 days again, it will be my fifth visit there. I think the fact that most of the big Chinese companies are, right now, starting to use the Compact is a small historical achievement, because it is about the integration of China in the global market place. And if they adopt principles based on the Compact, I think we’d have made a genial contribution to the evolution of global markets. I don’t need to tell you about Brazil, where companies are very outward oriented. They understand the importance of these issues. The same in India, and South Africa, in Thailand… We have country networks now in 86 countries. These networks are very vibrant, they do dialogue, learning, projects, partnerships. So, the growth has been enormously a positive surprise and the uptake. We are also totally thrilled that these non-financial issues now are being mainstreamed. Remember when the Compact was launched, the Wall Street Journal wrote a piece saying “this is wrong, business should not take on responsibility in non-financial issues, this is the propriety of governments”. Today, nobody would get to say these anymore. We have helped to mainstream non-financial issues into board rooms and operations.

On the disappointing side, the gaps are still enormous. We are running yet another initiative to put the emphasis on companies to make sure that all the subsidiaries are in the same performance level. The problem is many companies are pretty good or have become better on non-financial issues in their headquarters – in the countries where they are headquartered. But the performance of the subsidiaries around the world is often very different. And there is a huge issue. And that’s what we are working on. We also know that anti-corruption, the tenth principle, and human rights are especially complex. So progress on these two issues is a mixed basket, to be quite frank… a lot of talk about the anti-corruption, a lot of talk of disclosure on non-
corrupt practices, but little practical tangible systemic progress. And that, of course, has to do with the fact that corruption, and governance, and also human rights is closely tied up with the overall performance of the world, and the political regimes, and how society is holding. If a country goes down the drain, so to speak... if government/governance fails, everything fails. Then the Global Compact participant cannot drown in the tide. So the little island theory doesn’t work in terms of systemic breakdowns. So that’s in a nutshell the first question.

Aragão – I observe that the Global Compact in the beginning was somehow a personal project that Kofi Annan wanted to implement in terms of developing a better connection between the UN and the business world. But why is the Global Compact effectively important to the UN?

Kell – There are a number of very good reasons. First, go back to the UN Charter which says “We, the People.” You see, the UN is a creature of governments; we are controlled by governments - not just the Security Council, the General Assembly and all our intergovernmental bodies, but throughout our operations. The strength of the UN is its global representativity, but the downside is that the lowest common denominator prevails. It is very hard to get multilateral global support for contemporary issues. Connecting these people in private organizations often is a way to accelerate progress. Kofi Annan has fully recognized that going beyond governments is a key to revitalize the UN, to give it practical meaning. Take climate change, take water, any issue out there. If you work only through governments, progress is very slow and uneven, and sometimes frustratingly slow. If you open the doors and you learn how to work with civil society organizations, with private sector organizations, you often can make much more progress much faster. Besides, business in particular has unique skills and strengths which are critical for the UN to better advance its own goals, its resources, its know-how, its technology, without which many UN operations couldn’t be valuable. In the area, for example of humanitarian assistance, we have some major partnerships with corporations, which make our operation much more effective. We can deliver food much faster, we can respond more effectively to crises’ situations, and this is based on partnerships with the private sector. On development cooperation working with the private sector to get entrepreneurship going on the ground is arguably the most valuable way forward to overcome poverty. On climate change, where a lot of countries are slow in moving forward, our care for a climate platform which has more than 300 champions, because (there are) champions from Brazil, India and China where big private organizations/corporations are saying “we understand why governments are slow, because they represent a geography, but climate change is a global issue. We, as corporations, we are proactive, we invest into the future. Governments negotiate the past, based on a present position of strengths, whereas companies make long term investments. So we understand that moving towards a low carbon economy is the way to go.” So, we are hoping, by mobilizing business forces on these contemporary issues, we are making much faster progress, and that goes into many domains. In many ways, I would argue, global business, which goes beyond Nation States, has a much greater affinity to the UN issues, because they have to face these issues whether they like it or not. There is a risk and a downside: if some of these issues are not solved, business viability won’t be assured either. So, the affinity is very strong.
Aragão – Through the Global Compact, are the UN and the TNCs responding to a
discourse, or engaging in a discourse that was already created?

Kell – I will give you a book right now, which John Dunning – the pope of TNC
theory - just wrote and the subtitle of the book is “from Code of Conduct to Global
Compact”. Of course the UN has a big history working with transnationals. I mean
there was a Center of Transnationals here in New York City. I happen to have worked
there for one year and they try to do all sort of things. Among others, they have tried
to create a Code of Conduct which never made it for political reasons, well explained
in that book. In that respect, the Compact is built in a long tradition of the UN in
working with business. I have here, by the way, which is, my favorite here is, from
1945, when the UN Chapter was adopted, this is a telegram from Philip Reed, the
Chairman of the General Electric then, who wrote this urgent message to the US
Senate and Congress urging the lawmakers to adopt the San Francisco UN
Declaration, because, as a business person, he saw no more noble and useful thing
could be done than ratifying the UN and getting it into existence. In other words,
when the UN was founded, business was not only at the table, but very supportive
because they understood that commerce and peace are the two sides of the same coin.
You cannot do commerce and grow commercially if there is no peace, and peace is
not sustainable on the absence of growth and prospects for overcoming poverty and
destruction. So, there is a historical connection to the founding of the UN, but more
recently in the 70’s and 80’s, when the New Economic Order discussion ideologically
started, there was also the Center on Transnationals and the UN has a number of small
bodies, which traditionally have worked with business for a long time already. The
small extra-bodies have long relied on business. Well, there is the International
Maritime Organization, the World Intellectual Property Organization; obviously the
ILO has a long tradition working with employers and trade unions. So, the UN has
many historical strengths, but the Compact is genuinely new insofar as it started from
the primaries - that it is not the drafting of codes, which is at the center stage, but it is
promoting actions and activities which give further practical meaning to the
advancement of UN goals. So, it was a break with the past and a new beginning. The
book, I will make it is a present to you, because I’ve got two copies of it.

Aragão – Could you, please, place the Global Compact in comparison to other
corporate social responsibility initiatives? Like, for example, this process now of the
ISO 26.000 and a lot of initiatives at the global level.

Kell – The G8 in 2007 – the Heiligendamm, in Germany, came up with two strong
paradoxes, which I would advise you to read. It is somewhere in our website too. The
OECD has done a study which I think is also somewhere on the websites. There are
basically three big global umbrellas in that domain, but they are very distinct. I mean
there is the OECD Guidelines on Multinationals which is a guidance by governments,
so companies don’t participate in them, but governments recommend it to the
business of the OECD - and Brazil who have underwriten it and a couple of others;
there is the ILO Multinational which has been existing for 25 years, but again which
is just a guidance node. The Compact is the only global cross-sector voluntary UN
backed framework for voluntary initiatives. There are many other initiatives, which
respond to industry sector specifics, or a country specific, or an implementation
specific - like ISO 26.000 is officially a very important one. We are investing headily
in that. We welcome it, because we believe it will contribute to institutional capacity
building around the world, to really mainstream these issues across the globe. There are many issues behind it. I won’t go into detail on that. But in the architecture of voluntary initiatives, the Compact, because of its UN branding, because its principles, that arrived from international frameworks, has a very special place. We consider ourselves to be like a mothership, which is very happy to see satellites grow and then offsprings. But we do believe that is important to converge towards legitimized universal principles, because in the absence of convergence, you will actually diffuse the field and you will tickle out in many small efforts, which are nice by themselves, but which will dry up and not grow further. So, that is a short answer. But the architecture of corporate responsibilities is still on evolution. Have a look in the G8 2007 document and the OECD.

Aragão – Please, place the Global Compact in comparison to the UN norms. Not the Draft Norms, I am referring to the mandate of John Ruggie, the mandate on norms.

Kell – That is not a mandate on norms. That is a mandate on human rights and business. Let me be very clear on this, the UN has never endorsed norms on human rights. It was a recommendation by a Sub-working group which had no global legitimacy. The Commission on Human Rights rejected the recommendations. So, there are no UN norms on human rights. I understand why NGOs have cleverly projected this as if it were in existence, but it never was in existence. We are very different from that, we can’t be compared. The Compact has unique genesis. Initially it was a Secretary General’s initiative, but in the meantime the General Assembly of the United Nations has recognized it on several resolutions. So, we are now a United Nations initiative legitimized by the General Assembly - very important, so no longer a person initiative, it’s a United Nations initiative. John’s mandate is especially on the interface between human rights and business, and the mandate is an outgrowth of the discussions around these norms, because emotions were running very high in Geneva, so governments decided “let’s have a second look into these issue of human rights and business, and let’s appoint a special representative to look into it.” So his mandate is very specific. Initially it was defined to identify what is business responsibility in the area of human rights. And his first report which was welcomed by the (how is it called?) Geneva Council. In this report, the Special Representative elaborated on the role of business in human rights, and it is a very important contribution because it also identified the boundaries, what does responsibility mean, and how far to go. And the Report also affirmed basically the Global Compact approach to principles getting them into corporations, changing management culture, making sure that the principles are respected and advocated. So his Report basically is an affirmation of the basic approach of the Compact, but it did more than that, it also elaborated on the human rights of other boundaries. His new mandate now has two very specific angles. He is now working on two issues. One is on remedies - what kind of remedies companies offer to deal with complaints. That is a very serious micro-analysis. The other one is it continued to identify best practices on business and human rights in cooperation with the Global Compact. So, we are working on a handling glove on one of his legs.

Aragão – So, you say that Ruggie’s mandate is more like an interaction with the Global Compact?

Kell – You are talking about one of our policy areas. The Compact has human rights, work place, environment and anti-corruption - so, four broad issue areas. Human
rights is one of these complicate ones, where the question of boundaries and roles is very vague. The same applies, by the way, to anti-corruption, the same dilemmas we have there.

Aragão – So they are not parallel processes, they are processes that interact?

Kell – Yes, exactly.

Aragão – The Global Compact is described as a social learning network, a process of learning and raising consciousness. Can we say that the process is more important than the results?

Kell – I hope not. I don’t think so. I think I underwrite the learning notion, but I think you should also add learning and dialogue. Because it is not just learning tools, and rolling out the tools and making practical experiences and sharing them. It is also the dialogue that happens around that discourse. Look the COP, which we have now, the Communication On Progress, the public disclosure is based on the assumption that some kind of social getting is taking place, that the information that has been disclosed is used by shareholders, stakeholders, press and media, civil society. That companies are being challenged on it, that it trickles off a whole process of engagement. So, I think dialogue is very important. We used to say “learning, dialogue and partnerships” because a lot of our work is also very practical. We have probably a thousand or so collaborative projects going on in many countries on all sorts of issues: access to water, community investments. And these are joint initiatives where UN organizations or civil society with Global Compact participants embark on very concrete problem-solving issues. So, this is not just learning, this is doing. It goes beyond learning. Learning, dialogue and partnerships, all three strengths are important. I know that there is this huge theoretical debate, what is learning, what is dialogue. In the end, as an engineer, I don’t care. At the end, what matters is what comes out: “Does it have an impact?” “Does it change the situation?”

Aragão – Since you referred to the information that is being disclosure. Isn’t that going to be public? I mean the information about the corporations and the complaints. Are there expectations about these in the future?

Kell – Not only expectations, we insist on it: it is already public. If you look on our website we have 4000 Communications Of Progress there. Every one of our 86 country networks, we strongly encourage them to have their own website in their right language, and to make it available as public as possible. We force participants. The key is not to send it to us, so we sit on it. We can’t make a judgment. We don’t have the competencies nor do we have the mandate to make any informed assessment. What we can do is we can promote transparency and disclosure in the relevant content. So, for us, the Communication Of Progress matters that it is make public in the right language, to the right people, mostly affected, to employees - the biggest feedback by the way so far comes from employees within companies… So this is our contribution.

Aragão – Alright, but you don’t have expectations on that specific process of complaints and delisting corporations that could go public in the future?
Kell – Not yet. We have a lively - what we call - dialogue. We do not call it complaints anymore. We call it dialogue facility. We have every month roughly, I don’t know, 20 or 30 tensions fleering up somewhere in the world. We are acting as facilitators. The first thing we do is we connect the tensions or the issues with the companies, we bring to their attention. We say “look, this has been brought to our attention, please engage.” If that is not working, we involve our country networks. We encourage country networks to do dialogue. Many of them are happening, that depends on the capacity of the networks, whether they have the capacity to do so. Many do, some do not. We also have the possibility to involve some of our, what we call, co-agencies, who are the caretaker of the principles. On labour issues, obviously, we refer them to the ILO. Some networks in the Compact also have already a connection with the national contact points of the OECD, such as Germany and the Netherlands. When such issues come up they are being referred to the National Contact Points. Ultimately our Board theoretically has the possibility to look into egregious serious issues we haven’t not done yet, but there is a possibility for the future. I don’t think it’s a good idea, quite frankly, because, at the global level, to make judgment on issues is very difficult, it is next to impossible. What we can do is we can promote dialogue on the ground and put transparency up from there, and involve relevant interested parties. We also do a cross-comply with UN (...) rules. So when we reach situations of corruptions or so going on, we delist companies on that ground. And we have some new measures now in place. I should add that too. When a company is joining now, there is some primarily vetting happening. We ask our networks if there is any real reason they have why the company should not be allowed to join the Compact, say if they have a major Court suit going on with the major issues, then we tell them “sorry, as long as this is in process, we can’t welcome you.” And we give networks increasingly the power. We have a few cases right now which are pending where some networks want to throw out some companies because of their abuse of the association with the Compact. The networks make the recommendations to us and we endorse it. So, this is our caretaking of the brand. This is not making judgment on individual performances, which we can’t. But we have built up safeguards and we are improving them all the time to make sure that bad things which happened don’t destroy the brand as a whole. So, we are looking for the spillover of the initiative as a whole, but we are very careful not to put ourselves in a position of being a judge, or sitting on the report.

Aragão – How do you observe the North-South relation in the Global Compact? In which aspects the North or the South is more supportive? When I came here last year, I heard that the Global Compact was being really well received in the South. Support from governments, reception of civil society, these whole issue of subsidiaries… It seems that it has more support in the South, but then there is a problem with the subsidiaries in the South and the headquarters in the North… The governments in the North they gave more support in the beginning, but you refer now to Brazil, India and South Africa, so where do you see civil society, governments and corporations being more supportive?

Kell – First, on the North-South, we are pretty balanced now. I am quite pleased and we keep an eye on it, quite frankly. Because we want to avoid to be anywhere in any (...). We are truly global and I keep a very strong eye on this. Whenever we are lagging and someone is behind, we try to make a strong effort to catch up. It is true
that initially Europeans were specially engaged, but in the meantime it is pretty well balanced. And so we keep a strong eye on it quite frankly.

Aragão – What should be improved in the North and in the South?

Kell – I hope we keep on growing as we are now - in a balanced way. Obviously the US has been lagging behind, quite frankly. They are actually the market place that has least engaged in terms of… overall, but I expect this to change shortly (laughs). That has more to do with the UN brand and, you know, how respected is the UN and so forth. On the civil society, I have just come back from a big meeting in Paris with 800 NGOs and I do sense that times matter. And the perceptions of our business and societies are permanently on the move. The question of legitimacy of markets is once again raised because of the financial market crises. It is going, potentially now to a global recession, and the breakdown of investing banking in Wall Street has raised many important questions - ethical questions, but also questions of short term versus long term. It gives rise currently to a backlash on the political frontal, especially in Latin America and some countries, but also elsewhere, where people are now questioning markets in general, and calling for governments’ strong hand. So, it is a never ending story, so to speak. I think with NGOs we are very strong now, we have NGOs in our Board, NGOs are partners in many countries’ networks. But that doesn’t mean that on occasions we are being attacked again by a social justice movement which embraces an ideological agenda and says “it is wrong that the UN is working with business, business is the enemy, and you cannot work with the enemy, you have to kill the enemy.” So, this won’t go away, but I think we have reached now a level of managing these tensions in a way that overall tensions are not only manageable, but actually result into further actions. Because we need NGOs that are not only work stocks, they are also partners in the implementation in many senses. I am so delighted when I see Amnesty International, for example, in many of our networks, teaching companies how to internalize human rights. Or Transparency International, explaining how to introduce transparency codes in business corporations. We support these actively. It is great.

Aragão – The questions that I have now are also referring to the critics. There are critics from the civil society organizations, but besides civil society organizations, also from corporations? Do you receive other kinds of critics besides critics from NGOs?

Kell – Yes, plenty (laughs). Companies are saying we are not business oriented enough, for example. We don’t provide services. We hear that a lot. They want more professional services. My reply to them is we are not a service organization for business. We are the caretakers of the brand, so do not expect us to do the work. You make the commitment to implement, and they must find the way to implement. There is not our duty to implement your commitment. We hear that a lot, and we are not service providers. That’s probably the biggest one. One the government side, we have managed to keep government support strong all over the world. We are avoiding political exposure, quite frankly. So we don’t go into areas where political issues are so messed up that voluntary initiatives couldn’t do anything. I don’t want to give names now, but I think you can imagine.

1 The interview happened in the week of Presidential Elections in the United States.
Another set of critics has come from some academics. I will give you the book here and you will find some of that in between. I’ve just had a dialogue with Professor Tagi\(^2\) on this, because I think he was not quite updated. But it is true that the genesis of the Compact is unusual - we were not born with intergovernmental legitimacy. This is a personal initiative initially and only over time we earned legitimacy. Traditionally, UN initiatives start off with the government mandate, so the legitimacy comes with the birth. So, that issue is sometimes coming up.

And then we have a lot of tensions. There is a lot of competition for issues - what is more important - climate change, water, human rights, corruption, workplace issues? Competitions between the groups, the issues, and the applicants of the issues. Human rights saying “everything must be human rights, only human rights matter.” Climate change people saying “it is only climate which matters, everything should be on the climate.” Those who are working on water saying “water is life, without life there is death, so water is the only one.” So, this is our challenge really: the balance of the issues and its relative significance on the architecture. That is the biggest challenge.

Aragão – Why doesn’t the Global Compact have an established relationship with the World Economic Forum’s agreements? What happened in the process? It was first brought there, but it is not even in their website while it was in their website in the past.

Kell – The World Economic Forum is a forum. And all that happened there was that Kofi Annan used this platform to give a speech on the Global Compact. So, that is all that happen with the Forum.

Aragão – Don’t they have something there like corporate citizenship?

Kell – Yes, there is a lot of stuff going on there. It is big show. It is an annual gathering that people come together once a year. We also have meetings. It is basically a meeting place. That’s it. But we also want to work between, we want to build something. So we are going back to the WEF every other year or so. We see the WEF as a Forum what it is, it’s not an owner of the Global Compact. It was launched there, but it could also have been launched at the Annual Meeting of, you know, the North-South Gathering of Ministers of Energy, or whatever.

Aragão – The last question: What can the Global Compact show us about the current phase of global governance? What is the meaning of the emergence of private authority?

Kell – I have a very clear vision on this. I think John (Ruggie) agrees with me by large. Global actors and voluntary initiatives can reinforce positive trends and, at times, few governance wounds. However, they never ever, for the time being, can be a substitute for what governments are doing or not doing. The world is still governed by the Nation-State system. And even the year 2008 we are years ahead of other governance vision. It is nice to dream about global alliances and networks, and they are very important for the reasons I have just outlined, but they are not a substitute for the Nation-State. And that is a very hard truth: that not only military interventions drive back home again and again, but it also shows when (...) new legislations

\(^2\) Tagi Sagafi-nejad.
negotiate (...), it is governments who negotiate, it is governments who hold the key, and the current global governance system is thrownly based on governments. So that is a short answer, and that is very important to put the Compact into perspective, because we cannot be a substitute for what governments do, but we can reinforce positive trends and at times we can feel the wounds and we can go to the wounds – remember, currently in 50 countries we have civil war, totally break down. What do we do? We just abandon? Or we try to uphold good performances? I think we have to engage, so we have to try, even if it fails in the short term. Look currently what is going on in the D.R.C. (Democratic Republic of Congo) - and that’s a major disaster. Can you just walk away and say “well, it is hopeless”, you know, because they don’t get to act together, because there is no proper government that can provide basic security? Or do you try to improve? Of course we have to improve – principle - hope. So this is basically a voluntary engagement and the Compact functions on the same principle.

Aragão – But in terms of the power of the transnational corporations, don’t you think that the governments are in charge but not the TNCs?

Kell – Governments are in charge. TNCs are very important, TNCs have become footloose, they are becoming globally integrated – something I personally love, because it means they are no longer vested in one government, they have to pay attention to many governments. I think this is a good trend – what IBM has done, what GE is doing, what all the others are doing, they are globally integrated. Look, IBM has more engineers in India than they have in the US. I think they have more in China than they have in the US. Is IBM still an American company? Yes, someway it is - sure the culture and so on. But the binding, the ownership is increasingly diffused globally. I think it is great because brings nations and people closer together, it transcends the traditional Nation State rivalry and thinking, it builds bridges.