

Government's willingness to legislate penalties for Canadians who engage in corrupt practices or pay to have sex with children while abroad.

4. Canadian firms would be at a disadvantage vis-à-vis their foreign competitors if the government were to take a more active approach on corporate citizenship issues.

Response: Although true in some cases, this generalization is unsound. For one thing, Canadian firms face a *less* stringent domestic regulatory and legal environment than, say, their American competitors. Moreover, a significant portion of Canadian firms would welcome greater Government involvement in promoting and recognizing good corporate citizens as well as curtailing the activities of 'rogue' firms. Many companies invest significant resources to minimize the human rights or environmental impacts of their overseas operations, or forgo opportunities where the relevant risks seem too high. These socially responsible companies feel themselves to be at a disadvantage vis-à-vis their less scrupulous Canadian rivals.

5. The Government should not try to export Canadian values because these values are not universally shared in the world community.

Response: It is certainly true that government (and, for that matter, businesses and NGOs) need to be culturally sensitive and to show restraint in promoting purely *Canadian* values. However, international human rights standards do exist and are embodied in international legal instruments. For all intents and purposes these can be treated as legitimate expressions of universally held values. If the Government bases its policy on the relevant international instruments, or syntheses of these international legal commitments such as the UN Global Compact, cultural relativist arguments or charges of paternalism do not apply.

6. Businesses should not get involved in the politics of host societies.

Response: Businesses do need to tread a careful line here. Past criticisms of multinational enterprises tended to focus on the issue of 'political interference'. However, while accepting the need for caution and moderation, it is untrue that Canadian businesses are by their very nature 'apolitical' actors. For instance, companies lobby hard at home and abroad over public spending priorities and legal protection for foreign investors. Businesses must recognize their responsibilities as social actors and bring their political experience to bear in the area of human rights and human security.

V. Conclusion

This policy paper grows out of both the good news and the bad news discovered over the course a larger research project. The first source of good news is that there is no 'ethics deficit' on the part of the vast majority of Canadian firms. The good news for the Government is that although more – and more focused – action is necessary, the concrete building blocks for a strategic approach to this issue are either already in place or could be put into place with a minimum of effort.

There is bad news too. Despite their best efforts, many Canadian companies – especially those in the extractive industries – face significant ethical challenges when operating in risky states. Although key corporate decision-makers are much more sensitive to the need to manage the human rights and human security impacts of