governance structures in host countries are weak or where an industry's supply chain makes it difficult for consumers to express their values directly through their purchasing decisions.

6. Corporate social responsibility at home and abroad is necessary to maintain social support for globalization. Canada's economic interests are well served by an expanding, open, rule-based international economic order. In the wake of public protests in Seattle and Washington, regaining public support for globalization should be a top priority for Government. Media reports of corporate complicity in human rights abuses have the potential to sap Canadians' support for global economic engagement and provide potent ammunition to globalization's more strident critics. Moreover, there is growing recognition among academics and practitioners that sustained economic growth depends on good governance, the rule of law, and the existence of a strong civil society. By permitting companies to profit from 'governance failures' in violent and/or corrupt societies, the Canadian Government is undermining the long-run interests of all Canadians.

III. Proposed Policy Framework

The Government needs to enact a comprehensive package of reforms to positively influence Canadian corporations in their commercial activities overseas. Government policy should be based on the following four propositions:

1. the vast majority of Canadian firms conduct their international operations responsibly;

2. a small minority of firms violate minimum Canadian and international standards, thereby threatening Canada's reputation;

3. the main role of Government is to champion global corporate citizenship in the Canadian business community and to actively facilitate ongoing business-NGO dialogue in the area of corporate social responsibility; and

4. a subsidiary but still necessary role for Government is to provide concrete incentives that reward good behaviour and punish firms that consistently and egregiously violate Canadian and international standards.