

Chapter 2

Current Canadian Policy

What follows is a brief description of the current policy landscape. It covers both what the Canadian government does to encourage responsible commercial activities in risky states and initiatives that have emerged from within the corporate sector.

Corporate Initiatives

There is no 'ethics deficit' for the majority of Canadian firms. Most Canadian companies involved in risky states conduct their operations ethically. Even firms that appear insensitive to human rights conditions in host countries often do so because they are operating out of an alternative values system. These firms have learned the lessons of the 1970s all too well: that it is unethical for multinationals to interfere in the politics of host countries. But there is a small minority of Canadian companies that *are* complicit in human rights abuses and *do* contribute, directly or indirectly, to human insecurity in the countries where they operate. Human rights-friendly companies must do more than manage their own operations responsibly. They must also seek to exert a positive influence on these ethical outliers.

A strong corporate voice calling for ethical overseas activities is only beginning to emerge. It can be seen in the activities of organizations such as Canadian Business for Social Responsibility as well as in the practices of its members. The most important corporate initiative emerged in 1997: the International Code of Ethics for Canadian Business (reproduced in Appendix A). This important document sets out high standards for the conduct of Canadian corporations abroad. However, human rights groups and social investors have criticized the code for its over-generality, the fact that its 'standards' remain at the level of aspirations not concrete commitments, and the absence of externally verifiable criteria for adherence. The code has also been slow to catch on. In the three years since its drafting, only fifteen Canadian companies have signed on (the most recent of which was Talisman Energy Ltd).

Government Initiatives

The balance of emphasis in Canadian foreign economic policy in recent years has consistently been trade-promotion in a stable and open global economy. No one can doubt Minister Axworthy's personal commitment to the cause of human security and 'responsible trade',⁹ but in the economic sphere, human rights- and human security-related activities have remained very much a minor theme.

The government has sought to encourage Canadian firms to conduct their commercial activities in risky states so as to avoid complicity in three main ways. First, the government has played a leadership role in setting the tone of public discourse on matters of corporate social responsibility. A high point in this process of public exhortation occurred when in 1997 the Government endorsed the Code of International Ethics for Canadian Companies. But as the Talisman Energy case

⁹ See *Notes for an Address by the Honourable Lloyd Axworthy to the International Conference on Universal Rights and Human Values 'A Blueprint for Peace, Justice, and Freedom,' November 27, 1998.*