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An Overview of the Symposium

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In September 2000, we approached Jan Svejnar, Executive Director of The William Davidson Institute, with an idea for a conference that would explore the connection, if any, of business to sustainable peace. The impetus for the conference was the question of whether business contributed to or detracted from peaceful relations among nations. Some scholars in the Peace Studies field had argued that an increasingly interlinked global economy reduced the likelihood for war because it was counterproductive for nations to go to war with trading partners.¹ Further, it was argued, trade fostered economic development, which would raise the economic well-being of all countries and thereby reduce the likelihood of conflicts over scarce resources.² On the other hand, the world had recently witnessed street protests against globalization in Seattle³ and Davos.⁴ Undoubtedly, some of these protestors were simply interested in protest itself or, more darkly, interested in anarchy and violence. Nevertheless, there was an open question as to whether globalization could cause local populations to believe that they were being exploited, dominated, and their cultures undermined by western materialism.

Professor Svejnar immediately endorsed our project, and his endorsement was thereafter repeated by the Initiative for Social Innovation Through Business of the Aspen Institute, a private donor,

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1. See, e.g., DONALD KAGAN, *ON THE ORIGINS OF WAR AND THE PRESERVATION OF PEACE* 1-2 (1995) (noting such arguments and warning against the efficacy of them).

2. *Id.* See also IMMANUAL KANT, *Perpetual Peace: A Philosophical Sketch*, in *POLITICAL WRITINGS* (Hans Reiss ed., H.B. Nisbet trans., 2d ed. 1991) (providing a classic argument of the benefits of international trade and peace).

3. See, e.g., *The Battle in Seattle*, *ECONOMIST*, Nov. 27, 1999, at 21; Michael Elliott, *The New Radicals*, *NEWSWEEK*, Dec. 13, 1999, at 36; Lynda Gorov, *The Various Foes of WTO Unite in Seattle Protests*, *BOSTON GLOBE*, Nov. 30, 1999, at A1; Davidson Postman, *Resistance Takes Fast Track—Protests Training Now for Sit-ins, Blockades*, *SEATTLE TIMES*, Sept. 10, 1999, at A1.

4. See, e.g., David Greising, *Shades of Seattle Riot as Clinton Addresses Elite Economic Forum*, *CHI. TRIB.*, Jan. 30, 2000, at C13; Jane Perlez, *At Trade Forum, Clinton Pleads for the Poor*, *N.Y. TIMES*, Jan. 30, 2000, at A8.

Dr. Erika Parker, and the editors of the *Vanderbilt Journal of Transnational Law*. During the following year, we recruited several scholars, mostly from the fields of law, ethics, and corporate governance, whose work was characterized by international recognition and their personal willingness to explore new areas, and asked them to connect their work to business and peace.

As we told people about our conference, we were typically met with a curious, raised eyebrow, as scholars became intrigued by the novelty of the possible connection of Corporate Governance, Stakeholder Accountability, and Sustainable Peace, the title for our conference. We believed that we had taken a place on the very beginning edge of curve of knowledge that could lead to a dramatic, new reason as to why a corporation might want to institutionalize ethical business practices. We also believed that, after a few years of elaborating the insights that emerged from this conference, we would be in a position to present an argument that would capture the attention of scholars, business leaders, and policy makers.

The hijacking of airplanes and the crashing of them into landmark buildings in New York and Washington, as well as the aftermath of those incidents, significantly accelerated interest in the topic. What before September 11 was a novel and perhaps curious connection now was a question to which people wanted immediate, definitive answers.

This conference was not aimed at providing definitive answers, but it did produce a vibrant and provocative set of papers, panels, and discussions. If there was a central conclusion of the conference, it was that there is at least a plausible connection between the way in which corporations practice their work and the implications for sustainable peace.

This volume prints the academic papers presented at the conference, held in Ann Arbor, Michigan from November 2-4, 2001, as well as several of the remarks made by panelists. There were panels devoted to articulating perspectives from NGO, governmental, and business leaders that addressed issues of advising and running businesses as well as keeping a business together psychologically in times of stress. Special messages were delivered by former Secretary of State and current William Davidson Institute Senior Scholar, Madeleine Albright, and in the form of a keynote address by Professor Linda Lim, a specialist in International Business at the University of Michigan Business School. The academic papers presented at the conference are printed first, more or less in the order presented at the conference, followed by the panelists' presentations.

Beyond the possible connections between peace and business noted in the first two paragraphs, it is fair to ask why we chose to approach the subject from the perspective of corporate governance and business ethics. One could instead look at issues of political economy, transnational organizations, or international law to name

just a few. One response is that there are many ways to approach the subject of business and peace and that the reduction of violence is so important that any beginning is beneficial. Approaching the connection of business and peace from the perspective of corporate governance and business ethics does not preclude any other analytical perspective, but for the reasons articulated throughout the symposium, we are convinced that this approach is a robust perspective that considers the normative constraints applicable to corporations so that business institutions are agents of change themselves.

Moreover, one of the themes that emerged from the conference was the importance of liberal values to sustain peace. The participants recognized the importance of human rights, transparency, privacy, and labor rights as central concerns for sustaining peace. Admittedly, western participants comprised the participant list, so it is not surprising that western values would be highlighted. Yet, there is substantial evidence that democratic countries do not war with each other and have better records in protecting human dignity than do authoritarian regimes.⁵ Additional evidence suggests that the domestic culture of a country has a great deal to do with how countries resolve disputes.⁶ Simply put, countries that are used to compromising, to respecting the rights of minorities, to protecting human dignity, and to governing with the consent of the governed are more likely to resolve disputes with countries of like-minded values through negotiation.⁷ As Spencer Weart writes, there has never been a war between countries with established, functioning democracies.⁸ This suggests a value in democracy generally, but what is the role of the corporation? Weart's research suggests a relationship between domestic culture and conflict.⁹ Corporations are typically structured as relatively authoritarian institutions.¹⁰ In a democratic regime, there may well be enough other civil institutions to counteract the authoritarian example, but in a country with a history of authoritarian political, religious, and cultural institutions, a hierarchical corporation may do little to encourage democratic principles.

Thus, the way in which corporations are governed makes a difference in the way in which people traditionally understand how differences are to be addressed, particularly in a culture without a

5. SPENCER R. WEART, *NEVER AT WAR: WHY DEMOCRACIES WILL NOT FIGHT ONE ANOTHER* 15 (1998) (noting a republic's defining characteristic of tolerating dissent and resolving differences through negotiation and mutual accommodation).

6. *Id.* at 16.

7. *Id.* at 16.

8. *Id.* at 4, 13.

9. *Id.* at 16, 22, 75-93.

10. See ROBERT JACKALL, *MORAL MAZES* (1988) (characterizing corporate structure not only as authoritarian, but as feudal).

democratic tradition. Yet, if democracy is a key determinant of sustainable peace, how are societies to learn democratic principles? It may well be that how a corporation is governed and how stakeholders are treated can make an important contribution to the culture that, in turn, lends itself to sustainable peace. At this juncture, this statement is more hypothesis than established theory, but if liberal democracy, with values of transparency, rights, and privacy, leads to peace, no apology needs to be offered for suggesting their global utility.

In the first Article, written by ourselves, we first ask what must be a threshold question as to whether there is a plausible connection among governance, ethics, and peace.¹¹ We note an interesting correlation between violence and corruption. Although we do not argue that corruption causes violence, it does appear that those countries which rank lowest on Transparency International's Corruption Perception Index are also those countries most likely to resolve conflicts by violent means. The reverse is also true. Those that are the least corrupt are the least likely to resort to violence to settle disputes. This correlation suggests that there might be a relationship. To that end, we sketch a normative rationale for that relationship in arguing that business thrives on stability and a sustainable way to provide that security is to encourage the practicing of integrity virtues such as promise-keeping and truth-telling. Functioning markets also lead to the development of more complete human beings who can fuel creativity and growth. Stability resulting from established legal structures, such as clear titles to property, can also unleash capital held by the poor that otherwise is excluded from the market. Businesses that encourage such stability-seeking institutions thus promote peace and a set of human goods that are beneficial to the dignity of persons. Businesses also contribute to peace through track two diplomacy and through providing economic development.

Finally, we argue that the practice of these things is an issue for governance in order to institutionalize reliable and regular behavior. This is not only true of the governance of nation-states, but given the increasing power of multinational corporations, it is also important for corporations.

In the second Article, Professor Jeffrey Nesteruk, poses the inextricably related question of what the purpose of the corporation should be.¹² Professor Nesteruk takes aim at the assumption that the purpose of the corporation is to maximize shareholder welfare. While this is a possible purpose for the corporation and one that

11. Timothy L. Fort & Cindy A. Schipani, *The Role of the Corporation in Fostering Sustainable Peace*, 35 VAND. J. TRANSNAT'L L. 389 (2002).

12. Jeffrey Nesteruk, *Conceptions of the Corporation and the Prospects of Sustainable Peace*, 35 VAND. J. TRANSNAT'L L. 437 (2002).

dominates contemporary corporate duties, it is not the only possible purpose. Indeed, Professor Nesteruk notes that, historically, corporations have had other purposes mandated by the public, thereby demonstrating that the question is not what corporations are, but what we want them to be. We have, he insists, the capability to choose what we want corporations to be.

More specifically, Professor Nesteruk challenges us to consider the metaphor we use to describe corporations because the metaphor we choose carries with it conceptions of moral duties. The notion of a firm as a nexus of contracts places emphasis, for instance, on the voluntary exchanges that occur within a corporation, but it ignores many aspects of human motivation beyond economic satisfaction. Another metaphor, the corporation as a community, provides this desirable holistic understanding of human interaction, but it is not a conception typically utilized in contemporary rhetoric. Corporations as a set of property interests provides another conception with its own set of normative implications. From these notions, Professor Nesteruk demonstrates, through a case study, why the description of the corporation has normative significance, and one that will have implications for sustainable peace.

Professors Terry Dworkin and Lee Tavis approach the question a bit differently. Whereas the Nesteruk and the Fort and Schipani Articles primarily look at the question in terms of the inherent purposes of the corporation, Dworkin and Tavis raise questions of justice as a proxy for determining the extent to which corporate practices need to be altered.

Professor Dworkin looks at the issue of employee rights within the corporation and, in particular, raises the question of how problems are voiced and disputes are addressed within the corporate context.¹³ Drawing on the notion of business as mediating institution,¹⁴ Dworkin insists that corporations provide voice to internal stakeholders as an element of justice. Relatedly, the resolution of disputes within the organization in a constructive, nonviolent fashion is, of course, a preferred scenario. As a way to encourage the peaceful resolution of disputes and addressing of problems, Dworkin suggests a communal approach, one similar to that preferred by Nesteruk as well as Fort and Schipani, by advocating the mediating institutions model.

Dworkin connects her practical recommendations for implementing whistleblowing protection programs with good

13. Terry Morehead Dworkin, *Whistleblowing, MNCs, and Peace*, 35 VAND. J. TRANSNAT'L L. 457 (2002).

14. TIMOTHY L. FORT, *ETHICS AND GOVERNANCE: BUSINESS AS MEDIATING INSTITUTION* (2001) (describing the theory of constructing businesses so that they are mediating institutions like other organizations of civil society such as family, religious organizations, neighborhoods, and voluntary associations).

governance practices. Thus, notions of transparency provide venues for identifying problems, including those such as corruption, prior to forcing persons to confront a dilemma of whether or not to blow the whistle. In this sense, a good governance practice undermines a corrupt practice and thereby assists in combating a social milieu associated with violence.

Professor Lee Tavis, a scholar of finance, draws on economics and peace literature and describes a "social void" that has been created by globalization.¹⁵ Because globalization imposes constraints on the ability of national governments to control activities within their borders, inequity and insecurity result. These factors can lead to desperation, one manifestation of which is to resort to violence. Professor Tavis focuses his attention on the extent to which transnational globalization networks, as well as the governance practices of multinational corporations, can fill this social void.

Professor Tavis provides two interesting and novel examples that are particularly important for future research. First, he describes examples of companies that provide success stories of positive interactions with constituents in emerging countries. For instance, he describes how Johnson & Johnson fed breakfast to workers in Brazil. Not only did this counteract malnutrition, but it also made them more productive workers. It also made the corporation a positive local citizen that contributed to the welfare of the community. Examples such as these provide practical models for corporate engagement. In articulating them, Professor Tavis provides a sense of what future research might look like. Professor Tavis goes onto another provocative issue in investigating the democratic principles inherent in Islam. Given the conference's emphasis on democratic principles as a preventative measure against violence, and further given contemporary projections of Islamic political regimes, this foray is one that will raise considerable interest.

Professor Eric Orts notes the unusualness of attempting to connect business to war and further argues that contemporary legal scholarship generally accepts the shareholder paradigm as settled truth.¹⁶ Yet, given the nature of war and its devastating impacts on vulnerable populations, Professor Orts argues that to the extent that corporations can reduce violence, there should be at least a permissive opportunity for corporations to go beyond the shareholder paradigm. In making these arguments, Orts also draws interesting parallels between how business strategists compare business to the struggle of combat and how war strategists compare the competition

15. Lee A. Tavis, *Corporate Governance and the Global Social Void*, 35 VAND. J. TRANSNAT'L L. 487 (2002).

16. Eric W. Orts, *War and the Business Corporation*, 35 VAND. J. TRANSNAT'L L. 549 (2002).

of war to business. Rhetorically, at least and perhaps more concretely, there are threads that tie business and war together. Orts also raises a warning about the existence of private military consultants and their meaning for global security. Orts notes the comparative weakening of power of traditional nation-states vis-à-vis multinational corporations. All of these factors provide reasons for research examining the relationship of multinational corporations and war to be undertaken.

Professor Donald Mayer takes a step back from the general acceptance of the current corporate paradigm to argue that this paradigm threatens violence because of the consumption of irreplaceable environmental resources.¹⁷ Professor Mayer argues that the existing literature on corporate governance assumes an atomistic, linear worldview rather than a synergistic, circular one that can sustain the environment. Mayer, instead, proposes to use sustainable peace as a product of appropriately balancing naturalistic forces present in the environment and in corporate governance. He raises strong concern, however, as to whether it can come about, particularly in any recognizably western form. Mayer argues that multinational corporations should "co-create" conditions for peace and raises concern that the history of globalization leads in the opposite direction. This co-creative duty should address, he argues, environmental issues, human rights protection, and social justice. He also suggests an obligation for corporations to transmit democratic values in order to sow the seeds of peace.

Professor Steven Salbu concludes the academic papers portion of the symposium with an article on the interface of the Internet and privacy.¹⁸ Salbu makes two central points. First, issues concerning privacy will be important topics in the twenty-first century. How privacy protections are developed may have an impact on international relations. To demonstrate this, Salbu focuses on the European Union Privacy Directive, compares it to the U.S. approach, and critiques the potential of the EU Directive. The balance between privacy and security takes on more difficult tradeoffs in the aftermath of the September 11 attacks. The idea of privacy, after all, is that there should be something hidden from governmental eyes. The global security of post-September 11, however, demands rigorous surveillance. This tradeoff, Salbu argues, will be one of the more difficult ones for liberal democracies to make.

Professor Salbu's second point is both explicit and implicit in his paper. To the extent countries or unions of countries develop laws to be applied beyond their borders, what result does this have for global

17. Donald O. Mayer, *Corporate Governance in the Cause of Peace: An Environmental Perspective*, 35 VAND. J. TRANSNAT'L L. 585 (2002).

18. Steven R. Salbu, *The European Union Data Privacy Directive and International Relations*, 35 VAND. J. TRANSNAT'L L. 655 (2002).

harmony? Drawing on his previous critiques of U.S. bribery laws, Salbu argues that there are risks to harmony by intruding on another nation's sovereignty.

Beyond these academic papers, we are pleased to include the remarks of some of our conference speakers and panelists. Former Secretary of State, Madeleine K. Albright, was interviewed by B. Joseph White, Interim President of the University of Michigan and former Dean of the University of Michigan Business School.¹⁹ In that interview, Secretary Albright describes the ways in which business can contribute to peace. Secretary Albright and President White, both Senior Fellows of The William Davidson Institute, discuss a variety of ways this can occur, including the awards instituted by Albright when serving as Secretary of State to corporations that had made positive contributions to peace.

Professor Linda Lim, an International Business scholar, presented an engaging keynote address on the subject of Islamic terrorism and its (non)relationship to Muslim belief.²⁰ Juliette Bennett, President of the International Peace Forum,²¹ and Scott Greathead, President of World Monitors, Inc.,²² provided on-the-ground NGO and legal perspectives of how, in reality, corporations implement policies that work and that do reduce violence.

By design, this conference was constructed to brainstorm about the connection of governance, ethics, and peace. To that end, the conference and these papers were a success. As a novel question, however, we are far from providing a definitive answer to exactly what should be done to foster the connection and, more basically, exactly what the connection looks like. One can, however, identify three general themes emanating from the conference that provide a sense for the opportunities of future research.

First, there is a public policy dimension. Corporations gain their authority through state action and the duties of fiduciaries of the corporation arise most definitively from legal directives. Enlightened human resource management and engaged corporate responsibility may be inspiring and productive, but ultimately, to truly allow corporations to engage in nonshareholder responsibility without incurring a competitive disadvantage or legal suit, there must be a reasonably level legal playing field backed by coercive legal enforcement. Thus, one central area of research will be to identify the legal regime necessary to provide corporate governance with the

19. Interview by B. Joseph White with Madeleine Albright, U.S. Secretary of State, *The Business of Peace*, in 35 VAND. J. TRANSNAT'L L. 697 (2002).

20. Linda Lim, Keynote Address, Terrorism and Globalization: An International Perspective, in 35 VAND. J. TRANSNAT'L L. 703 (2002).

21. Juliette Bennett, *Public Private Partnerships: The Role of the Private Sector in Preventing Funding Conflict*, 35 VAND. J. TRANSNAT'L L. 711 (2002).

22. Scott Greathead, *The Multinational and the "New Stakeholder": Examining the Business Case for Human Rights*, 35 VAND. J. TRANSNAT'L L. 719 (2002).

incentives and obligations to incorporate citizenship in their affairs. Making this argument will require more rigorous empirical study demonstrating how corporate governance and peace are, or could be, linked.

Second, there is an intra-organizational dimension. Several participants stressed the importance of building corporate community. This is an admirable task, one that we ourselves advocate, but much more specificity is needed to detail what this means. Two panelists at the conference, whose presentations are not reproduced in this issue, presented evidence of the value to corporate productivity of compassion and forgiveness.²³ Like the idea of business as a mediating institution or corporate community, their ideas suggest that intra-organizational design may provide concrete ways for diverse, even otherwise hostile, peoples to work together for a common good. These notions also dovetail with anthropological descriptions of peaceful societies, suggesting that modeling corporations after peaceful societies may be economically productive with affiliated spillover effects that encourage the development of peace-sustaining skills in the political culture. Thus, the ways in which corporations provide constructive, meaningful work is a critical issue. Not only do organizational theorists and philosophers discuss such issues, but the knowledge of diverse religious traditions and social services' understandings of the roots of violence in interpersonal relationships may make an important contribution to this second research aim.

Finally, unrest is typically situationally specific. Appeasement, for instance, was a standard mechanism to resolve political disputes among rational statesmen, but when Neville Chamberlain tried the same approach with an irrational leader, Adolph Hitler, the results were disastrous.²⁴ Similarly, the role the corporation can play in a given country may vary according to the type of conflict, the kind of industry—extractive or service—the corporation is in, ethnic, religious and historical factors, and outside international pressures. Particularly with regard to emerging economies, where the power of business vis-à-vis the government may be relatively stronger than in first-world economies, corporate contributions to peace must engage the particularities of such countries. Thus a third stream of research would be situationally specific, focusing on issues in, for instance, Islamic countries, or even more specifically, Egypt. Obviously, many additional countries also merit study and analysis.

23. Kim Cameron & Jane Dutton, Keeping Organizations Together in the Midst of Unsettling Events, Remarks presented at Conference on Corporate Governance, Stakeholder Accountability, and Sustainable Peace, University of Michigan Business School (Nov. 3, 2001).

24. KAGAN, *supra* note 1, at 291 (noting that prior to the 1930s, appeasement carried no stigma in Great Britain and was considered a decent and accepted method of resolving international disputes).

These themes are not meant to be exhaustive. Yet, they appear to present a natural set of next research steps for what we believe will be an important and fruitful area of scholarly inquiry.