Interview: The Business of Peace

Madeleine Albright, former Secretary of State

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*Madeleine Albright* with B. Joseph White**

B. JOSEPH WHITE: I am Joe White, Senior Fellow of The William Davidson Institute.

We are delighted that former Secretary of State Madeleine Albright has joined the Institute as our Distinguished Scholar.

I have explained to Secretary Albright that two of our colleagues, Professors Tim Fort and Cindy Schipani, are leading a Davidson Institute conference on the subjects of Stakeholder Accountability, Corporate Governance, and Sustainable Peace.

I have several questions that I would like to pose to Secretary Albright in order to get her thinking as we begin our conference.

First, a simple question to ask, but I think a challenging one to answer, and that is:

How can business leaders contribute to world peace?

MADELEINE ALBRIGHT: I think the thing that we have really seen, Joe, recently, is the fact that we have global companies that are situated everywhere and are very much a part of the societies in which they operate. The way that they can...
contribute is by really embedding themselves in the local communities and by providing economic support within those communities to help mitigate some of the aspects of poverty within that particular milieu where they are operating. They can contribute by basically making it clear to people that we are all part of the same story. Just because you may be operating in Latin America, your actions do not only bear in that country or in Latin America. Globalization is actually a good thing in that it provides greater opportunities for people everywhere.

**President White:** If I understand what you are saying, it seems to me you are suggesting that companies need to think about what it means to be a good corporate citizen wherever they operate in the world, by the standards of that community.

**Secretary Albright:** Absolutely. The thing that I learned as Secretary was, first of all, that American business is often a very good partner for American government in dealing with a variety of problems overseas. As I spent time with American businessmen and women overseas, I learned how much they know about the country in which they are operating. They have a very good local understanding. The best companies overseas were the ones that saw themselves almost as ambassadors. They were able to learn a lot about the culture in which they operated and at the same time use the best business practices that some American companies have in terms of treating their workers really well, understanding that American labor practices could in fact be models for those in other countries, generally not exploiting, and showing that
innovation is the way that you get ahead, not exploitation.

President White: Thank you very much. Speaking of good practices, I have a recollection that when you were Secretary of State, you established and presented to several companies a particular award. Could you tell us a bit about the award, the purpose, the criteria, why you did it?

Secretary Albright: Well, it came out of the fact that we did see that there was a real sense of partnership between business and the government in terms of promoting best practices. So we established a corporate excellence award, and at first we thought we could give one award. Then we found that we really needed to give more than one award a year—to a small business and to a larger multinational company. It was based on how these companies related to their local environment—whether they, in fact, were able to assess what the needs of the local community were; how they used local labor, as well as local products; and then having used local labor and local products, whether they paid for them properly. Basically it was based on whether they were, as you said earlier, good citizens of the place where they were operating. It was tremendous, I think, given that we were trying to show that American companies, as well as the U.S. itself, were not hegemonic, going in there to rob the locals, but did the opposite; which was to bring a sense of corporate governance into that area, and to teach through example. So I was delighted with it; it had a huge response. I think it was a big step forward in showing the partnerships that could exist and how good
American companies could be in terms of local environmental and health issues, and generally, corporate responsibility.

PRESIDENT WHITE: Great, sounds like a terrific idea. One last question. One of the unique features of your life and career is that you have done many things. You have been and are a scholar and professor; you have had senior appointments in the government. We have assembled a group of scholars who have deep interests in the issues of corporate accountability and sustainable peace. I wonder if you have a thought or two to offer the group as to the kinds of questions that they might be framing, thinking about, and addressing based on your experience?

SECRETARY ALBRIGHT: Well, I think it is very important to understand that the large proportion of countries in which American businesses are now operating had a past that either was totalitarian or communist or authoritarian, where in fact, a lot of services were provided to the people through a safety net, which we might deride because we have thought of them primarily as communist countries. When American companies come in the spirit of entrepreneurship, it is exciting to the intellectuals and perhaps the managers of the companies, but it does not necessarily filter down to the average worker who, in some circumstances, actually may be in a worse situation because some of the state safety net has been removed and the companies have not yet produced some kind of safety net. So for me, the big questions would be: how do these companies now operate in what I call post-euphoria democracies? This is not just in
central and eastern Europe but also in Latin America and in Asia. And how can a capitalist company, in fact, provide a lot of social services to workers who had not operated within that kind of a system before, who are used to being given everything, and who need to now see the virtues of operating within a market system?

**PRESIDENT WHITE:** Provocative thought. I thank you so much and, Secretary Albright, thank you for your membership in The William Davidson Institute. We are delighted to have you as a colleague.

**SECRETARY ALBRIGHT:** I am so glad to be part of what is clearly a very exciting group of people who are thinking ahead and who, I think, can provide a lot of answers to not only each other as academics but to the people within the businesses who are operating abroad and can in fact, through imagination, help provide a sustainable, peaceful world.

**PRESIDENT WHITE:** Thank you so much.