

Corporate Social Responsibility for Tomorrow

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Ambassador Howard Gutman

Time4Society
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(As prepared)

It is really a pleasure to be here tonight. With all of you. Leading companies and leading citizens to discuss what I have called "Corporate Social Responsibility for Tomorrow."

I have an admission to make. I was last week with the Crown Prince, the Foreign Minister, the Defense Minister and 400 Belgians on the Trade Mission to Los Angeles and Silicon Valley. It was a wonderful but busy trip meeting with the CEOs of Disney, Hewlett Packard, Rand Corporation, the Motion Picture Association of America, Eric Schmidt of Google, and the Mayor of LA. And amidst it, I turned to getting ready for tonight. And I was hoping that the speech was about one of the topics I usually discuss – like Belgian American relations or the economy or the like. I was hoping that I could quickly copy from my prior speeches and save a bunch of work in the busy week. And so when I realized that tonight's talk was on corporate social responsibility, I was initially somewhat chagrined because that meant I had a lot of new work.

But in fact, as I wrote, I realized I was delighted to have the opportunity to discuss these issues with all of you. Because they matter. And because they are issues that I have recently been thinking about a great deal lately. Not so much as the U.S. Ambassador, but as I consider the world outside government, as I consider the next steps in my career, after July 23 when I complete my service as ambassador and hope to consult for corporations and join corporate boards of directors or advisors, I have thought much about these issues.

I have two caveats before we begin. First, please accept the thoughts offered on this crucial topic not as the official position of the United States or the Department of State, although it is important to note that the U.S. government is strongly in favor of corporate social responsibility – indeed, former Secretary Clinton has said that "The core tenets of corporate social responsibility complement both our diplomatic and development efforts" and has made highlighting CSR a major theme of our Economic Diplomacy efforts. As former Secretary Clinton put it, "our history has shown that we are most effective when we see the harmony between our interests abroad and our values at home." But you should consider the thoughts that I wish to share with you tonight the thoughts of a soon over-the-hill ambassador looking at the corporate world ahead, infused perhaps with the experience of having seen the world from a diplomat's perspective.

Second, I purposely have not focused on what I consider the corporate social responsibility discussion of yesterday. Not because it is unimportant, but because everything that has to be said about that has been said and you have heard it all before.

But it is what you have been expecting me to discuss. The corporate social responsibility discussion of yesterday starts in America and goes something like this: You, the successful companies of the world, have been blessed by making a lot of money. So, as a matter of morality, you should give back. You should help others in need and give back. The traditional discussion then roams over to Europe where it is modified somewhat. Hearing the American view, the folks in Europe quickly point out that Europe has a somewhat different history and different culture. Europe has less of a culture or tradition of private or corporate giving and giving back. Europe, the discussion of yesterday continues, is more used to paying really high taxes and having the government take care of those more in need. Europe is more used to having social responsibility rest with governments. The corporate social responsibility discussion of yesterday usually ends with the American speaker urging those in Europe to be more like America, and to give because it is morally correct. The speaker takes his applause and everyone goes home, satisfied but thinking they have heard it all before.

And, as I have stated, that discussion still remains important, but you have heard it all before. I have little new to add to the discussion about corporate social responsibility of yesterday.

So, without intending to be presumptuous, I would hope to at least open up different waters and explore different seas. What I have called the corporate social responsibility discussion of tomorrow. And, to me, it has three pillars:

- The corporate social responsibility to save our economies.
- The corporate social responsibility of many to save their particular industries.
- And the corporate social responsibility to save our society.

And to me, the corporate social responsibility of tomorrow and these three pillars are not really fueled by a moral obligation. Don't get me wrong, the morality argument and rationale remain important ones. But in the world of tomorrow, corporate social responsibility is less about good humanity and more about good business and essential corporate economics. For in the world of tomorrow, he or she who saves our economies, our particular industries and our society also wins the personal and corporate race of success. In the world of tomorrow, you can win the Nobel Prize and earn huge profits in so doing.

Tomorrow's notion of corporate social responsibility starts with the understanding that governments alone can no longer do what is needed. Governments can help keep us from wandering too far off track, they can regulate lawfulness, they can address some of the most glaring needs, but governments cannot get us where we need to go. Governments working alone cannot regulate or spend their way out of economic crisis, poverty, violence, unemployment, foreign hostilities or a choking planet. As we have looked primarily to governments to fix such messes, these problems have just gotten worse. And were we to rely on government alone, such problems will continue to get worse.

And that is where you come in. That is where the first pillar of the corporate social responsibility of tomorrow -- the corporate social responsibility obligation to save our economies -- comes in. You see, much of the planet and particularly Europe is facing economic hard times, stagnant or worse economies, high unemployment and staggering youth unemployment. In some circles, young citizens may in fact be nearing a loss of hope. Our economies have faced some of that picture before, such as

in the 1970's and 1980's. And who came to the rescue? Who replaced bust with boom? Governments? Well, governments played a role, stimulating the economy and pursuing sound fiscal and budgetary policies, but it was the entrepreneurial world, mentored and financed by the corporate and academic worlds who really provided the creative spark that in the long run saved our economies. People like Bill Gates, Michael Dell, Steve Jobs and so many others – helped, of course, by sound government stewardship of the economy – that picked us up and got us running again. So my sense is that Herman Van Rompuy and Angela Merkel and others have done a wonderful job holding the pieces together and limiting the slide. But if, for example, Greece is going to run forward, rather than slide backward or stand in place, it will be Greek entrepreneurs and companies who will have to lead the way. And it will be you too that must lead the way. Rather than complain how much the economy is hurting your business, your business needs to fix the economy. It is a major social responsibility of each of you, yes morally, but as well because it makes economic good sense.

The second pillar of the corporate social responsibility of tomorrow is the responsibility to save your own industries. This pillar is especially prevalent in industries and areas, of which there are many, where positive and negative social consequences are associated with the business. Such as energy companies that power our planet but create greater carbon; alcohol companies or gambling related businesses that bring pleasure, but present the possibility of misuse, abuse or addiction ; pharmaceutical companies that save lives but can get embroiled in issues of delivery of health care to the poor; sugar companies bringing sweetness but raising issues of health; tobacco companies, firearm companies and many more. Often companies in these industries wait for government regulation and regard simple compliance, such as labeling, as being good corporate policy.

But I think corporate social responsibility of tomorrow suggests more. It suggests that in most cases, it makes both moral and economic good sense for the company involved to lead the solution. Not just to be less of the problem and not just to do what is forced upon them by government regulators. No, corporate social responsibility of tomorrow suggests that the company is most familiar with the product and the problem. They should lead the thinking about tackling the problem without destroying the product. Indeed, the turn to natural gas has led to a decreased reliance on coal, which has lowered the U.S. carbon footprint radically. Casinos often focus on the problems of gambling addictions and propose new responses. The examples are many. Again, it is not just morally correct, it is good business.

The last pillar of the new corporate social responsibility is the responsibility to save our society. This pillar can be seen in several examples. First, while climate negotiations between governments play important roles, we have had a hard time reaching agreements. But technology advances whether in batteries or ways to get gas or whatever can cause climate protection to zoom. Governments may have a hard time stabilizing some developing or emerging economies. But private sector investments can change lives and lead to greater changes. Thus Secretary of State John Kerry has recently announced a \$4 billion investment in the Palestinian territories by private companies and the crucial role of that investment in fostering the peace process.

If we are going to build a better world together and tomorrow, all of you are going to help lead the way.

Thanks so much and all the best.

