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Statement on Swiss Citizens' Initiative

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There is no magic in the market place. Markets work best when they are embedded in clear rules that markets themselves require in order to survive and thrive. As markets expand and deepen, rules are required to constrain the negative externalities, social and environmental, that market actors otherwise are likely to over-produce.

The wave of globalization that has swept through the world over the past generation demonstrates the scale mismatches and governance gaps between transnational enterprises and the capacity of societies to deal effectively with the adverse consequences those enterprises may generate.

The UN Guiding Principles (UNGPs) are intended as a framework to narrow these gaps. When I delivered the UNGPs to the UN Human Rights Council in 2011, I said that building on this framework will require a smart mix of policies and regulations. The Council endorsed the UNGPs unanimously.

We've done quite well on the policy front, with soft uptake of the UNGPs by states, international institutions, business enterprises, as well as civil society and workers organizations. The International Bar Association has outlined the relevance of the UNGPs for business lawyers. FIFA, the governing body of global football, has aligned future World Cup bidding requirements with the UNGPs and has also incorporated elements of them in its current practice. Efforts are underway to incorporate the UNGPs into the rapidly growing area of ESG investing, where environmental, social, and corporate governance criteria are combined with sophisticated financial and momentum analysis.

In a growing number of instances the UNGPs have also been deepened and made more robust by the adoption of hard law. For example, the various modern day slavery acts, non-financial reporting requirements, and the French due diligence law draw on and reference the UNGPs. Similarly, Canada has recently established the office of an ombudsperson, whose remit includes the human rights dimensions of Canadian businesses' overseas operations, and whose authority includes the possibility of compelling witnesses and documentation.

In short, by reaching a workable compromise on the Citizen's Initiative, Switzerland would not be alone in adopting more progressive steps to address the scale mismatches and governance gaps that exist in the world economy today – and which, not coincidentally, are one of the major causes of the rise of extreme forms of populism on the political left and right alike. Other countries have already taken such steps. Safeguarding the Swiss brand is in the interest of all Swiss, be they natural or legal persons.