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CSR and Policy: Improving Collaboration Between Business and Government

Breakout Session Summary
Thursday, November 4, 2010 | 11:30 a.m.-12:30 p.m.

Speakers

- » **Parag Khanna**, Senior Research Fellow, American Strategy Program and Director, Global Governance Initiative, New America Foundation
- » **Rana Foroohar**, Deputy Editor, *Newsweek* (moderator)

Highlights

- » Globalization has a long history intertwined with diplomacy. The use of business to promote state interests will continue moving forward.
- » Companies should see the resurgence of state capitalism not just as a risk but also as an opportunity.
- » PPPs are critical for progress—not just public-private partnerships but also private-private partnerships.

Memorable Quotes

“The difference between dalliance and alliance is just one letter—and dalliance is what political relationships have become.”—Parag Khanna, New America Foundation

Overview

Foroohar and Khanna opened the session talking about globalization. Khanna emphasized that globalization is not a new phenomenon. Citing Hellenistic civilization as an example, Khanna noted that for thousands of years, globalization has been used as a way to expand power. Globalization today is increasing rapidly because there are more power centers in existence and even more are emerging.

Khanna went on to say that government-business collusions have played a key role in this history. China is an example of a country that has a long history of mercantilism, but there are also examples of emerging state capitalism systems in developing countries such as Venezuela and Malaysia. In order to compete, smaller states must pick which industries—and in some cases companies—to support. This reality is especially evident in times of crisis, and the recent financial crisis is no exception.

Khanna remarked that this resurgence is a trend that is here to stay and that companies should look at it as an opportunity as well as a risk. The key is to understand how to engage with countries. China, for example, seems to be reacting more positively to quiet engagement with companies on the ground. Foroohar added that this also seems to be an interesting time for others to engage and influence the way companies behave. Khanna agreed, saying that there has been a significant shift toward “functional activism”—using guidance and technical expertise instead of ideology to influence behavior.

Responding to a question about how foreign policy and trade ties intersect, Khanna said that the degree of foreign investment is a good indicator of where relations will change. He gave the



example of the Russia-China pipeline, which just recently delivered the first oil from Russia into China. This infrastructure helps solidify China's future and is much more important than any political relationship. There is also a great need for companies to take greater risks in going into countries, or else they risk losing out to others.

Khanna closed the session by focusing on what these sociopolitical and economic contexts mean for companies. First, there is a clear need for public-private partnerships (PPPs). However, he challenged companies to look past just PPPs and look at collaboration among business and NGOs—or *private-private* partnerships. He stated that there is a growing legitimacy of the conversation around focusing not on who is doing what but rather on the fact that it is happening and that there are steps moving forward. Similarly, stakeholders, for the most part, understand the fact that companies can't do everything.

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