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Article — Digitized Version

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Intereconomics

Suggested Citation: Kebschull, Dietrich (1973) : More research on multinationals, Intereconomics, ISSN 0020-5346, Verlag Weltarchiv, Hamburg, Vol. 08, Iss. 6, pp. 166-, <https://doi.org/10.1007/BF02927635>

This Version is available at:

<https://hdl.handle.net/10419/138836>

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More Research on Multinationals

At last an UNCTAD group of experts has thoroughly gone into the matter of the scapegoats of present development policy. After the heavy attacks at the Santiago Conference, representatives of less developed countries (LDCs) and enterprises now occupy themselves officially with the phenomenon of multinational corporations, and its consequences.

This investigation has been long overdue. Whenever there is talk today of exploitation, misuse of power, neo-colonialism and similar practises detrimental to the LDCs, spokesmen for Eastern Europe, the Third World and partly also representatives of the Western industrial countries charge the big supra-national concerns to a large extent with these phenomena.

Mainly the UNCTAD representatives obviously believe to be able to remove a substantial part of the discords, that have in the past occurred in the wake of direct investments of foreign enterprises, by means of control of the multinational corporations. This sort of "aid" has always been controversial. After an initial overestimating of the positive effects of such capital transfers on the development process of the LDCs, there is at present steadily growing frustration towards foreign capital investments, although even the greatest opponents of foreign investment activities must concede that direct investments might well be beneficial to an LDC.

The criticism therefore does not center so much on direct investments generally but foremostly on the investments of the multi-

nationals. For once, the reason is that some examples of development-damaging attitudes of worldwide concerns are relatively grossly generalised and particularly attributed to the multinational corporations. For another, the small inclination by these enterprises towards publicity speaks against them. Although the reproaches of the LDCs have been known for quite some time, the concerns have so far hardly expressed their point of view. This silence had the result that not a few development politicians came to the conclusion that the involved enterprises had something to hide.

The experts from 17 countries summoned by UNCTAD were to elaborate their opinion especially on the controversial aspects of restrictive business practises, such as patent and licence contracts, cartel practises in industrial countries and the activities of multinational corporations in LDCs. As was to be expected, the experts advocated more consideration for the interests of the LDCs — if only, as a Swiss newspaper imagined, possibly no more than halfheartedly so. Actually astonishing was that even the representatives of Western industrial enterprises conceded the right to the LDCs to introduce controls, trade restrictions and laws about industrial property. Additionally, they even pleaded for a ban on, or at least a strict control over, international cartels.

At this moment it is impossible to guess whether this was no more than new lipservice or whether once again merely another conference was held on

these issues. But what can be stated with certainty is that at the best the experts' recommendations are only a first step on a long road, for, the most important factual data about the multinational corporations still remain unclear. First investigations show that the attitude of these companies is very different among the various enterprises themselves as well as between industries, between one donor country and another and the various receiving countries. It is therefore more than likely that restrictive business practises will only be unearthed in individual cases, but not generally.

It appears moreover doubtful whether it could in future be purposeful to draw a line between direct investments and multinational corporations. For the particular reason that multinational enterprises can display very varying attitudes, it would not make much sense to apply stronger control and other measures against them. Finally it must also be remembered that the aims of the various LDCs, and thus also the degrees of political interference by the multinationals, are totally different from case to case.

Thus the UNCTAD group of experts has only shown with its comment that comprehensive further investigations are required before LDCs and development experts will be in a position to deal adequately with worldwide enterprises. Such studies should be carried through very pragmatically for the enterprises' individual home states and countries of investment.

Dietrich Kebschull