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In preparation for the consultations the International Centre for Industrial Studies produced world-wide studies on the industries, and also held advance meetings of experts to suggest lines along which the consultations should proceed. Each meeting lasted for a hardworking week and all taking part displayed full readiness to cooperate in suggesting planned development for the benefit of all countries. For fertilizers and for iron and steel indications were seen that big productive increases would be needed to meet demands, and that developing countries should be provided with capacity to produce more than 25 p.c. well before the end of the century if the overall industrial target is to be met.

Anxiety to ensure that poorer countries would increase their shares appropriately, either individu-

ally or regionally was shown by those who came from industrialized countries as well as those still trying to make the utmost of their raw materials. Although they also demonstrated the magnitude of the effort required, they showed that the Lima targets are realistic. UNIDO is ready to continue the consultation system and to make it continuous so that progress can continue well beyond the year 2000.

More recently the General Assembly of the United Nations established a UN Industrial Development Fund with the purpose of increasing the operational activities of UNIDO. Contributions to the Fund will be received from Government and non-Governmental sources; and the Industrial Development Board at its 11th session recommended that \$ 50 mn yearly be a desirable level for the Fund to enable UNIDO to fulfill its mission.

NIEO

Transnational Corporations and International Economic Order

by Karl Wohlmuth, Bremen *

The demand for control over transnational corporations forms part of the demands for a New International Economic Order. The statements about the question of effective means of control are however so far vague and in the context of the demands for a New Economic Order even contradictory. Until now it has been impossible to evolve the essential requisites of a strategy of comprehensive control. Some of the reasons for this failure are set out in the following article which analyses the chances for the prosecution of such a strategy.

The "Action Programme on the Establishment of a New International Economic Order" contains in the section on "Regulation and control over the activities of transnational corporations" the demand to formulate an international Code of Conduct for transnational corporations and enforce it by international agreement. It makes explicit mention of five aspects of control over these corporations:

- ☐ prevent interference in the internal affairs of host countries;
- ☐ regulate their activities in host countries so as to eliminate restrictive business practices and ensure conformity of these activities with national development plans; review and revise existing arrangements between governments and transnational corporations in the light of national development objectives;

- ☐ bring about transfer of technologies and other services on "equitable" and "favourable" terms;
- ☐ regulate the repatriation of profits, taking the legitimate interests of all parties into account;
- ☐ promote reinvestment of profits in LDCs ¹.

The "Charter of Economic Rights and Duties of States" refers in Chapter I (Foundations of international economic relations) to the general requisites of control over transnational corporations (such as the principles of national sovereignty, territorial integrity, political independence of states, etc.) while Chapter II (Economic rights and duties of states) deals in detail with the problems involved. Several articles of the Charter are of

* Professor of Economics at the University of Bremen.

¹ Cf: Kooperation oder Konfrontation? Materialien zur Rohstoffpolitik (Cooperation or confrontation? Material on raw material policy), ed.: Reinhardt Bolz, Manfred O. Hinz, Norman Paech, Karl Wohlmuth, Bonn 1975, p. 213 ff.

particular relevance to effective control. So is Article 2 especially which says that the state has the right to regulate the control over foreign investments in the area under its sovereignty in keeping with its legal and other provisions and in accordance with its national objectives, that it has the right to nationalize, expropriate or transfer the ownership rights over foreign property, and that no state must be coerced into granting any kind of preferential treatment for foreign investments².

These postulates and principles have been interpreted and particularized in countless committees and conferences in and outside the appropriate institutions of the UN. The "Third World Forum" for instance demands in its "Proposals for a New International Economic Order" an internationally agreed Code of Conduct and a time schedule for new negotiations between transnational corporations and LDCs on all such treaties as are incompatible with such a Code of Conduct and reflect the outcome of unequal negotiating powers³. The demands and statements by Third World quarters on this issue which have so far become known are vague about the means for effective control over transnational corporations and in the context of their demands for a "New International Economic Order" even contradictory; this reflects the fact that they represent a political compromise and that the effects of foreign investments are often assessed in diametrically opposed ways. So far it has proved impossible to evolve an integrated control strategy applying equally to the national, regional and international levels. Some of the reasons for this are set out in the following, and the chances for the prosecution of such a strategy are also examined.

Determinants or Direct Investment

It is known that the work so far done on the theory of direct investment does not yet allow final conclusions about the determinants of investment decisions by transnational corporations or even to present a synthesis of the research findings to date. Assuming that effective control over transnational corporations presupposes identification of these determinants, there exists an obvious dilemma — the lack of a basis for a political consensus on strategies of control. Attempts have been made to explain direct investment in terms of capital, organization, growth, market, foreign trade, innovation and monetary theories. These must all compete with an increasing number of theorems with a political-economic slant which regard the investments by transnational corporations as related to unequal development. They are still in need of empirical proof by analyses of

specific firms, products, regions and countries. Although it has been demonstrated in many studies⁴ that the market determinants are of great importance, analytical difficulties arise in the diagnosis of the determinants, especially for the reason that the investments of the transnational corporations are engrafted in alternative development strategies and dissimilar market dynamics (consider for instance the repercussions on the domestic market of strategies for import substitution, export diversification or world-wide production relocation).

There is also a need to differentiate between developing countries according to their standing in the world economy and within the Third World; these differences arise chiefly from the relative integration in the world market and the negotiating power of the individual developing country. Differences between the investing corporations in regard to capital ownership and relative utilization of their internationalization potential by their native countries must also be taken into account. Attention must furthermore be paid to differences of form and structure in regard to the international division of labour inside the transnational groups. It may be that subsidiaries girdle the parent company like satellites in a production hierarchy or they may participate in an intragroupal division of labour featuring productive specialization⁵. Especially important as direct investment determinants are differences of social-economic development, in particular differences in the assessment of nationalization prospects.

Unsatisfactory Impact Analysis

There are difficulties impeding the analysis of the determinants for decisions on investments in various parts of the world; but the analytical work on the impact of investment decisions on home and host countries has up to now remained so unsatisfactory as to preclude the exposition of concrete control strategies on this basis. Streeter is therefore right in asserting that it is impossible to make soundly based statements about the direction in which investments by transnational corporations work: "A major difficulty in assessing these contributions is that far from being able to quantify precisely these effects, we do not even

² Cf: *Proposals for a New International Economic Order*, Prepared by a Special Task Force of the Third World Forum, Mexico 1975, p. 11.

⁴ Cf: e.g. John H. Dunning, *The Determinants of International Production*, in: *Oxford Economic Papers*, 25th year, 1973, p. 289 ff.

⁵ Cf: Rolf Jungnickel, *Die Wettbewerbsposition der deutschen multinationalen Unternehmen im internationalen Vergleich — Wachstum, Effizienz, Internationalisierungsstrategie* (The competitive position of the German multinational enterprises on an international scale — growth, efficiency, internationalization strategy), in: Wolfgang Däubler, Karl Wohlmuth (ed.), *Transnationale Konzerne und Weltwirtschaftsordnung*, Baden-Baden 1977.

² *ibid.*

know, in general, their direction"⁶. It is possible for corporations to cause capital to flow into the host country but likewise to bring about capital outflows, to reduce local saving and to raise the cost of capital in the host country. They may either improve or impair the foreign exchange position of a country, depending on the volume and structure of the reinvestments in the host country and/or the various forms in which incomes and profits are transferred to their home countries. They are capable of adding to or lowering state revenue, especially by the use they make of fiscal and tariff policy. They can adapt technologies to local conditions or transfer technologies involving high social costs for the host country. They can exercise a positive or negative influence on the terms of trade of the host country, etc., etc.

This list of possible effects could be even longer if repercussions on other relevant social and economic sectors were included. Of crucial importance for the analysis of the effects is always whether and which alternative development models are employed. Certain assumptions must be made for this purpose in regard to alternative development processes not involving foreign direct investments. From this fact stem in turn a large number of mutually exclusive findings which can be applied politically in various ways. When an integrated control strategy is formulated, it has to be borne in mind that even inside the Third World the effects of direct investments are being assessed variously. More extensive empirical evidence is needed for effective control than is available at present, even though it has already been possible to correct many misconceptions by research into the effects of transnational corporations on LDCs, especially in regard to the assumption of positive effects on accumulation, employment and the balances of payments. It is however impracticable to wait with the derivation of an integrated control strategy until the theoretical and statistical problems of an analysis of the determinants and effects of direct investments have been elucidated. How such a policy can be derived is examined in the following.

Integrated Control Strategies

An integrated control strategy is implied in the regulations demanded as necessary in the Action Programme and Charter; "integrated" however means in this context not merely that the best possible combination of control measures must be found on the sectoral, national, regional and international level, that there must be a harmonization of unilateral, bilateral and multilateral measures⁷. "Integrated" control means not only that an in-

fluence is brought to bear on the modes of conduct of the corporations on the basis of the existing structure of international production, but it requires the evolution of alternatives to these structures. Such alternatives must offer more effective means of control than the moves discussed so far and yet be realistic — they must retain the positive elements of the international production organization of transnational corporations. In this sense it is reasonable but by no means sufficient to continue the work on internationally agreed codes of conduct, to establish uniformity of national regulations about the accountability of transnational corporations and to set up information systems concerning these corporations. This alone does not go far enough, merely because national, regional and international control agencies have no effective remedy at their command, either conceptually or administratively, by means of which they could cope with the flexibility which transnational corporations enjoy in production, marketing and finance.

Integrated control strategies cannot be confined to the drafting of legislation on foreign investments in regional economic groupings of LDCs so as to curb competition for foreign investments between LDCs. Such action would leave differences in the state of development inside these integration areas and also the reactions and flexibility of the corporations out of account. The transnational corporations cannot be swayed by formal codification moves or efforts to establish uniformity but only by real changes in the conditions of production — e.g. by bans on investments in certain sectors, alternative methods of financing investments or access to technologies. Integrated control strategies require more than a national coordination of investment incentive and control programmes possibly covering tax, tariff and labour legislation. This sort of control potential loses its effectiveness at the latest when certain products, technologies or services can only be obtained on the terms stipulated by a transnational corporation. The host country would at that point face the alternative of either doing without a certain production or refraining from the application of control regulations. The control potential will be already eroded if the host country fails to anticipate the particular responses of the corporation to new control regulations⁸.

⁷ Cf. inter alia, Raymond V e r n o n, *Multinational Enterprises in Developing Countries: An analysis of national goals and national policies*, Development Discussion Paper No. 4, Harvard Institute for International Development, June 1975; Don W a l l a c e, *International Regulation of Multinational Corporations*, New York 1976.

⁸ Frieder S c h l u p p draws attention to these problems of codifying the modes of conduct of transnational corporations. Cf. *Konzeptionen und Konsequenzen administrativer Maßnahmen zur Überwachung und Kontrolle multinationaler Konzerne* (Concepts and consequences of administrative measures for the supervision and control of multinational corporations), in: Dieter Senghaas, Ulrich Menzel (ed.), *Multinationale Konzerne und Dritte Welt*, Opladen 1976, p. 181 ff.

⁶ Paul S t r e e t e n, *The Theory of Development Policy*, in: John H. Dunning (ed.), *Economic Analysis and the Multinational Enterprise*, London 1974, p. 257.

Requirements of Effective Control

From this follows that the requirements of an integrated control strategy can only be met by a form of control which acts directly on the production sphere. The actual package of services provided by transnational corporations must be taken into consideration for this kind of control strategy. Hence nationalization — in accordance with the principles of the Charter — must not be contemplated in isolation; for this form of production control does not by itself guarantee a lessening of the integration with and dependence upon the world market or an elimination of the competition mechanism between the capitals of the LDCs insofar as access to complex technologies and world markets is concerned. Partial or full nationalization may indeed in certain circumstances give the transnational corporation more flexibility in dealing with national development authorities and thus easier access to national resources because it enjoys a comparative advantage in regard to access to technologies and world markets.

To carry weight in the spheres of production, finance, distribution and marketing, integrated control strategies cannot simply start off from a formal act of nationalization or state participation; a prerequisite of such strategies is collective representation of the economic interests of the LDCs. This in turn requires an analysis of the structure of the international markets and of the strategies of the transnational corporations in these markets. On the premise that a world market is created by the transnational corporations as international production organizers inducing national states to exploit their internationalization potential⁹, serious consequences arise for the national states, especially those in the Third World, in regard to the means of control at their command. In this case they face a choice between collective representation of their economic interests which involves a surrender of sovereign rights but enables them to bring an influence to bear on the world market and acceptance of the rules of the game as established by the transnational corporations¹⁰. An arrangement for divestment strategies is one particular variant of

foreign capital in the development process. On the basis of these strategies the LDCs can exercise an influence on the world market only if they can coordinate their divestment strategies amongst themselves.

International Control by "Unpackaging"

The starting-off point for this control strategy is the observation that transnational corporations enjoy comparative advantages over native firms in the LDC and foreign non-transnational enterprises in several spheres (access to capital, factor and product markets, technologies and know-how) — advantages from which the host countries in the Third World may also derive economic benefits if controlled use is made of them. Such controlled use presupposes that the comparative advantages of transnational corporations with a direct effect on production are made the vantage-point for an alternative realization of these advantages. Their realization depends upon controlled use on satisfactory cost terms of the following factors in particular:

- ☐ investment financial potential,
- ☐ technological potential,
- ☐ management potential¹¹.

Several alternatives to the "classic" direct investment are conceivable on this basis; the first possibility is foreign participation limited to a certain proportion of the total capital but for an unlimited period (participation model), the second one is foreign participation for a limited period (divestment model), and the third one is presented by alternatives to direct investment which do not involve the abandonment of planned productions. The third variant may in certain circumstances offer to the host country the greatest possible economic protection against negative structural effects; it is therefore the subject of the following appraisal.

A necessary element of the realization of this variant is the provision of an effective system of financing organizations. Various financing systems for regional and international investment and development suggest themselves as alternative methods of investment financing, i.e. as methods other than direct investments by transnational corporations; their catalytic effect on development processes would however have to be reinforced. An important aspect in this context is that these institutions would have to provide more technical assistance including help with production and marketing than hitherto.

Several variants of technological cooperation between LDCs are available to take care of the tech-

⁹ Cf: Rolf Knieper, *Multinationale Unternehmen und Nationalstaat im Konflikt? — Am Beispiel des Internationalen Währungssystems (Multinational enterprises and national state in conflict? — The example of the international monetary system)*, in: Wolfgang Däubler, Karl Wohlmuth (ed.), *Transnationale Konzerne und Weltwirtschaftsordnung*, *ibid.*

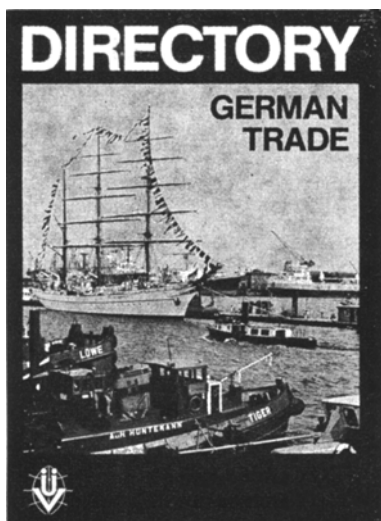
¹⁰ Cf: Karl Wohlmuth, *Neue Weltwirtschaftsordnung und Transnationale Konzerne. Perspektiven für eine integrierte Kontrollstrategie (New International Economic Order and transnational corporations. Perspectives of an integrated control strategy)*, in: Wolfgang Däubler, Karl Wohlmuth (ed.), *Transnationale Konzerne* . . . , *ibid.*

¹¹ In regard to this concept cf: Ronald Müller, *The Political Economy of Direct Foreign Investment: An Appraisal for Latin American Policy-Making*, Inter-American Development Bank, Special Studies Division, Washington D. C. 1970, p. 62 ff.

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nological component of the direct investment¹²; they would have to be flanked on the institutional level. These forms of cooperation can be related to a certain branch of industry being set up in several LDCs at the same time or to specific service functions of relevance to several LDCs. In this institutional framework it is possible to develop and adapt technologies and to consider the conclusion of licence and royalty contracts between firms in industrialized and developing countries. Although the relationship will in the case of complex technologies still be one of dependence, undesirable competitive conditions between developing countries can be alleviated in this way. More favourable contractual terms can thus be secured through forms of collective representation of economic interests; the social costs of technology imports in particular can be reduced by this means. There is no doubt that the competitive strength in the world market of the LDCs concerned can be improved in this way in the long term without adverse effects on their economic and social objectives, including especially the achievement of economic independence.

Alternative Factor Sources

The "Guidelines for Evaluation of Multinational Enterprise Assessment in Developing Countries" of UNITAR, New York, contain an even more far-reaching proposal for the safeguarding of alternative sources for the procurement of the required factors¹³. First criteria are evolved for the evaluation of alternatives to investment projects by transnational corporations. Their purpose is to enable the LDCs to make a "rational" choice between several variants for a certain production with maximization of incomes and welfare benefits as the criterion. The alternatives to the transnational investment project amongst which the LDC can make its choice depends in this case upon resource availability on the one hand and its state of development on the other. The choice could conceivably be between the following variants: Portfolio borrowing projects (financial capital is imported), licensing agreement projects (technologies are imported, other factors are mobilized locally), management contract projects (management services are obtained from abroad), joint venture projects (joint control of investment projects by a combination of indigenous and foreign resources), portfolio licensing projects (financial

capital and technologies are imported), portfolio management projects, licensing management projects, and portfolio licensing management projects¹⁴.

These variants which "unwind" the package supplied by transnational corporations are of theoretical and practical importance for a strategy of control and indeed indispensable for the elaboration of criteria for evaluating alternative methods of investment project implementation. It must however be asked whether this concept has any relation to reality; it must be examined in particular for which production sectors, technologies, management skills and above all for which countries this approach offers a realistic alternative at all.

For the least developed countries it has probably no relevance at all except on the basis of a collective representation of their economic interests; in this case there has to be cooperation between LDCs at different development levels and with disparate resources. For sectors undergoing a dynamic technological development and in instances in which the transnational corporations possess a technological or other monopoly this alternative to direct investment is impracticable. There is also the question of the efficiency of alternative factor procurement as it necessitates extensive coordination and planning processes; such activities provide instruction and training for the LDC but involve high production costs and continuing technological dependence, at least in some areas. This dependence can be greater even than where the foreign investor has committed himself by his owner-interest.

There are however sectors in which neither complex technologies nor special "multinationality" advantages are needed to ensure favourable production costs, and in these this approach to control may be effective. The advantages of "multinationality" (worldwide production and organization linkage) can be partially compensated through collective representation of the Third World's economic interests, i. e. by regional and supraregional cooperation between LDCs at different levels of development. The technological dependence however can only be overcome by a modification of the product structure¹⁵. The "rational" choice between different investment project realization variants is therefore subject to conditions which have still to be created through fulfilment of the demands for a New International Economic Order. This applies in particular to better access to technologies, im-

¹² A variant is the establishment of a system of technological cooperation between developing countries by the United Nations Development Programme (UNDP). For information on this cf: Bradford Morse, South-South Technical Cooperation, Collective Self-Reliance and the UNDP, in: Development Dialogue, 1977, p. 101 ff.

¹³ Cf: A. Mironov, K. Sunil, Guidelines for Evaluation of Multinational Enterprise Assessment in Developing Countries, UNITAR, New York 1976, unpublished document (76-19600).

¹⁴ Ibid., p. 79 ff.

¹⁵ Johan Galtung is calling for special attention to this aspect of the control over transnational corporations. Cf: What is wrong with Transnational Corporations — and what can be done about it?, in: Wolfgang Däubler, Karl Wohlmuth (ed.), Transnationale Konzerne . . . , ibid.

proved terms of development finance, automatic resource transfers and removal of trade barriers by the industrialized countries. Only when these demands have been satisfied will the developing countries be able to achieve a higher process content of their production without increasing dependence upon transnational corporations.

The Concept of "Real Internationalization"

The RIO report and other studies of the New International Economic Order refer to the possibility and necessity of real internationalization of transnational corporations, especially in areas of outstanding importance for social development and the future of mankind¹⁶. Among such areas are the production of pharmaceuticals, fertilizers, energy and mineral oils, and the utilization of the mineral resources below the sea. This form of internationalization can be brought about through agencies operating in the framework of the UN system or else by an international development or production authority¹⁷. Institutions of this kind would be charged with the task of gradually assuming control over the mentioned areas, which has to be done in several successive stages, perhaps by way of participation of representatives of UN agencies in the groups to be controlled or through capital participation via a special UN fund. These areas could eventually be fully managed and controlled by "international combines" which would have to organize the production themselves.

The political prerequisites of such a strategy cannot be created in the foreseeable future because it would require the surrender of sovereign rights by the very countries which are the technological leaders in these areas. What political problems are liable to arise here is shown by the negotiations for the creation of an international authority on under-sea mining. The economic problems of this kind of control strategy are no less weighty. Even if the political requisites of this strategy could be satisfied, it would still be critically difficult to procure the technologies and inputs needed for a production "internationalized" by such methods, for these are largely under the control of transnational corporations. The problem is all the more difficult because the productions to be subjected to "real internationalization" are of a kind requiring a high input of complex technology; cooperation with the suppliers of these technologies is therefore indispensable. The production of technology would have to be internationalized in order to overcome this

dependence in the longer term; but no concrete proposals for moves in this direction have as yet been made.

Although there is little chance of real internationalization being achieved at present, the concept of a world development authority should be pursued further, at least as an intermediate stage. This authority could give selective assistance to LDCs exploring alternatives for the prosecution of investment projects. It would have to be organized for the coordination of questions bearing on international liquidity, long-term development finance, the international trade order, etc. To facilitate the administrative work, several agencies would have to be set up under the auspices of this world development authority, in particular an international central bank, an international development fund and an international trade organization¹⁸. These agencies could provide the requisites for real internationalization, coordinate development promotion tasks throughout the world and thereby help to advance alternative development models in the Third World. This proposal is also encountering determined opposition from the industrialized countries.

The proposals for the creation of a world production authority (Galtung) and a modification of consumption patterns in the highly developed industrialized countries (Myrdal) range much wider. These concepts are at the same time more consistent because they take the interdependence of the spheres of consumption and production into consideration. Effective control of transnational corporations is, according to this view, only practicable if the product structure is modified on a world scale by structural adjustments in the spheres of consumption and production. Such concepts are clearly at variance with the usual demands for structural production adjustments in the presence of supposedly fixed product and consumption patterns. According to this view the acute problem is not a structural adjustment to the existing factor equipment as discussed in the industrialized countries but a structural adjustment through modification of the consumption patterns in these countries. Myrdal regards a discussion about the New International Economic Order only on this basis as meaningful¹⁹.

Strategy of Basic Needs Illusory

These proposals are also more logical than the proposals for the pursuit of a development strategy directed towards the satisfaction of basic needs

¹⁶ In addition to the RIO report: Reshaping the International Order, cf: Johan Galtung, What is wrong . . ., *ibid*.

¹⁷ On the concept of the World Production Authority cf: Johan Galtung, What is wrong . . ., *ibid*; on the World Development Authority cf: Mahbub ul Haq, The Third World and the International Economic Order, Overseas Development Council, Development Paper 22, Washington D. C., September 1976.

¹⁸ On the organization of the World Development Authority cf: Mahbub ul Haq, The Third World . . ., *ibid*.

¹⁹ Gunnar Myrdal, The Equality Issue in World Development, Institute for International Economic Studies, University of Stockholm, Reprint Series No. 47, p. 269 ff.

such as has been advocated in the context of the "World Employment Conference"²⁰. The aim of this latter strategy is to change the economic orbit for operations by the transnational corporations. This however would require drastic structural reforms. Suggestions that the corporations should be ousted from certain sectors or induced by specific stipulations to produce basic consumer goods offer no prospect of success unless selective action is taken to create new social parameters (orientation of development planning to basic consumer goods, simple technologies, regional co-operation, etc.) so as to reduce the dependence upon the particular services which the transnational corporations provide (production of luxury consumer goods, complex technologies, etc.). Attempts to "discipline" the transnational corporations by means of a strategy of basic needs are bound to prove illusory if such a concept is not worked out through collective representation of economic interests and new production parameters are thereby set for the corporations in the whole world. The identification of the basic needs itself is, it must be borne in mind, a task which calls for a collective representation of economic interests.

The proposal to set up multinational Third World corporations on a regional or supraregional level — which were made in connection with Caribbean and African integration efforts for instance — have not yet advanced beyond the stage of theoretical discussions. These strategies can lead to effective control measures only if different interests in the Third World can be harmonized and new competitive situations and dependences are avoided. Real internationalization presupposes "internationalized" capital conditions; a collective representation of economic interests is therefore a prerequisite for successful efforts to set up multinational Third World corporations on a regional and supraregional scale.

Simultaneous Implementation of the NIEO

It follows that the mentioned control strategies cannot work effectively if the demands for a New International Economic Order are not followed through at the same time²¹.

In the absence of a realistic alternative to effective control of transnational corporations through fulfilment of the demands for a New International Economic Order the aim must be to ensure the implementation of these demands, at the same time if possible, and to avoid a further magnification of

the differences about cardinal demands in the North-South negotiations. The strategies of the trade unions and the steps they take to spread information are of outstanding importance in helping to achieve acceptance of these demands in the industrialized countries. They can and should help to emphasize the common interest of industrialized countries and LDCs alike in the setting-up of a New International Economic Order. The existence of fundamental conflicts of interest must not however be overlooked²².

It is perfectly reasonable for trade unions to turn down suggested structural adjustments in the industrialized countries on the ground of negative effects on employment if transnational corporations and Third World countries at an advanced stage of development derive the greatest benefit from such measures. The concept of "structural adjustment" must be clearly defined from the trade union point of view, for structural adjustment without modification of consumption patterns in the industrialized countries would not solve the social and economic problems either in industrialized countries or in LDCs. The trade unions can support the idea of collective representation of the Third World's economic interests by advocating selective modifications of the consumption and production structures in the industrialized countries as required.

Attali has described the emerging conflict situation in the following terms: "The legitimate demands of the Third World are, indeed, in danger of conflicting with the interests of workers in developed countries if they do not concentrate on this re-examination of the development pattern of the richest countries"²³.

Emphasis must be laid on the common interest of industrialized and developing countries in a control of the transnational corporations which can be achieved only by implementation of the demands for a New International Economic Order but is capable of safeguarding steady raw material supplies over the longer term, enforcing a consistent policy of full employment in industrialized countries and LDCs and eliminating possible sources of social and economic conflict. An "integrated" control strategy is not only necessary in this context but it is practicable.

²² Wolfgang Däubler has analysed the causes and consequences of these conflicts of interest and the strategic opportunities of the national working classes in relation to international capital in great detail. Cf: *Multinationale Konzerne und kollektives Arbeitsrecht* (Multinational corporations and the collective labour law), in: Wolfgang Däubler, Karl Wohlmuth (ed.), *Transnationale Konzerne* . . . , *ibid.*

²³ Cf: Jacques Attali, Remarks on the relationship between the social consequences of the world economic crisis, the development model of the advanced countries and the new international economic order, in: *Labour and Society*, Vol. 1, July/October 1976, No. 3-4, p. 97 ff.

²⁰ Cf: International Labour Office (ed.), *Employment, Growth and Basic Needs. A One-World Problem*, Geneva 1976, espec. p. 197 ff.

²¹ Cf: the articles by Istvan Dobozi, Zuhayr Mikdash, Manfred O. Hinz and Karl Wohlmuth in: Wolfgang Däubler, Karl Wohlmuth (ed.), *Transnationale Konzerne* . . . , *ibid.*