

# UN Seeks Conduct Code for Multi-Nationals

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*The Multi-Nationals are by no means eager to reveal information on their working. The task before the newly opened UN Information and Research Centre in New York will thus prove quite a challenge. George Bickerstaffe of the Asian Features Service argues that though the formation of a code of conduct governing the relationship of multi-national corporations and governments will be the first priority of the centre, it will take some time before any international agreement on the role, limitations and advantages of trans-national corporations is reached.*

One of the first major tasks of the United Nations' Information and Research Centre on Trans-national Corporations will be to work for the formulation of an international code of conduct governing the relationship of multi-national corporations (the term is being increasingly replaced by "trans-national corporation" or TNCs) and governments. The Centre began work in New York in December 1975.

The opening of the Centre under Executive Director Klaus Sahlgren, a Finnish diplomat and economist, marks the end of the first phase of the United Nations' involvement with trans-nationals.

Both the Centre and the 48-member inter-governmental standing Commission on Trans-national Corporations which it serves, owe their existence to a report by what the UN calls a "Group of Eminent Persons" appointed by the UN Secretary-General at the request of the UN Economic and Social Council (ECOSOC).

The group of 20 experts from the developing and developed countries, led by L. K. Jha of India, published its report in June last year. It reflected the current UN emphasis on Third World development.

The self-regulatory efforts of TNCs are on the whole inadequate, the report claimed. Trans-national Corporations react to the environment in which they operate, and they should be directed "if they are to serve well the social purposes of development".

The report also suggested that developing countries should not "rely solely or excessively on multi-national corporations for their development" but instead "strive to create internal forces and institutions for development".

The report's main recommendations were the establishment of the Information and Research Centre and the Commission, which held its first session last March under the chairmanship of R. S. Bhatt, head of the Indian Investment Centre.

The terms of reference of the Commission, which is to report annually to ECOSOC, include acting as a UN forum for in-depth consideration of issues relating to TNCs; conducting inquiries into the activity of TNCs; working towards a preliminary code of conduct to be submitted to ECOSOC; and guiding the work of the Information and Research Centre.

The formulation of a code of conduct is likely to be the first priority of the Commission and the Centre. In anticipation, the OECD (the Organisation for Economic Co-operation and Development, representing the major industrialised countries) has already begun work on its own code.

The formulation of a code will not be easy, as Phillips de Seynes, former Under Secretary-General for Economic and Social Affairs, pointed out in a speech last year. He recognised that a system was needed, "for the game is too complex, the frictions and tensions too frequent, and the

promise too challenging to rely exclusively on automatic market mechanisms or self-regulations".

M. de Seynes pointed out that demands for a code of conduct do not always "recognise the enormous complexity of establishing a set of ethnical rules applicable to the intricacy of operation and the great variety of situations that characterise international production".

Indeed, the Group of Eminent Persons saw the establishment of a voluntary code of conduct as only an interim step. Their long-term object for the work of the Commission and the Centre was the "conclusion of a General Agreement on Multi-national Corporations having the force of an international treaty and containing provisions for machinery and sanctions".

The work of the Centre, with a present total staff of 24, in collecting, analysing and disseminating information on TNCs will not be easy. Like other business corporations, trans-nationals are not eager to reveal an excess of information.

As M. de Seynes commented: "Any such activity would have to reconcile the requirements of governments—and indeed the public at large—for more transparency in the operations of multi-national corporations with the conflicting need on the part of business for confidentiality in a competitive market. If not deftly managed, such a centre could deteriorate into a beached leviathan".

The growth of the Trans-national Corporations in the post-war period, has been large and only in the past three years has the United Nations made an attempt to analyse the problems and positive advantage which they pose for developing—and developed—nations.

With the opening of the Information and Research Centre this analysis is entering a new more intense phase, though it will probably be some time yet before any international agreement on the role, limitations and advantages of Trans-national Corporations is reached.