

World Environment Newsletter

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Curbs on the Multinational Corporation?

Of the 100 largest economic units in the world, as measured either by the GNP of nations or the sales volume of companies, more than half are multinational corporations (MNC). The ten largest do business in excess of \$3 billion—more than the GNP of eighty nations. Of the 211 MNCs with sales of \$1 billion and over, more than half are based in the United States.

As things now stand, the multinational corporation is responsible to no one. Although it is subject to the often conflicting laws of both the nation in which it is based and the nation in which it does business, it is in the control of neither. For years critics have contended that the multinational corporation is a modern form of extraterritoriality, basically exploitative, while its proponents have held that it is the most efficient agent available for the redistribution of wealth and the diffusion of technology throughout the world (see box next page).

Now the United Nations is conducting a year-long study to determine what the activities and impact of the MNC are. This month in Geneva the United Nations' Group of Eminent Persons will continue hearings on whether and how "some form of accountability to the international community" can be imposed on the multinational corporation. Among the institutions and devices that will be considered "to guide the multinational corporations' exercise of power" are the following (from the more modest to the most ambitious): a forum for discussion; harmonization of tax laws; a code of conduct; a registry of MNCs meeting qualifying criteria; agencies of conciliation or arbitration; an institution comparable to GATT (General Agreement on Tariffs and Trade) wherein decisions arrived at are binding on all members.

The basic document from which the Group of Eminent Persons proceeds is a superior piece of work.* It is factual, balanced, and constructive. At the hearings that began in New York in September—some of which were open, some closed—the selection of wit-

nesses was fair and comprehensive. In Geneva from November 1 to 16, the first six days of hearings will be open to the public.

As might be expected, the multinational corporations are dead set against supervision or control. But they might accept "a code of conduct" if they felt it imposed equivalent restraints on host nations with respect to expropriation and other investment risks. The more advanced of the developing nations tend to be as strongly opposed to any interference with their freedom to negotiate with MNCs as are the companies themselves. By no means are all host nations fearful or resentful of the multinational corporation: Singapore, for example, has been shrewd and self-confident in attracting balanced investment from all the major industrialized nations of the West on highly satisfactory terms. Primarily, it is the develop-

ing nations whose economies are overwhelmingly dominated by a few MNCs (generally in the extractive industries) that are—or feel—vulnerable.

Yet the issue is far broader than whether the multinational corporation performs responsibly in the interests of developing nations. Even when the foreign investor tries to behave responsibly—as, for example, by offering superior wages and conditions of work—its impact on the host nation can be disruptive; it may distort the local job market and make the poor *relatively* poorer. Also, by its behavior, the multinational corporation may involve the governments of the home and host nations in conflicts that neither sought.

Clearly, the United Nations is interested in the subject in its political, economic, social, and cultural dimensions. The environmental aspect is being almost entirely ignored. Yet the role of the

A Personal Report of an Opinion Survey

Never before had a pollster sought our opinion on a public issue. Then one did, and on a matter of some interest to this newsletter.

The Marketing and Research Company of Dallas, which the caller described as an independent opinion-measuring firm, telephoned us at home in the evening and, after preliminary courtesies, a sweet-sounding lady said:

"Some people say that air-pollution laws are causing an energy shortage. Do you agree or disagree?"

We started to offer a homily on oversimplifying complex issues, checked ourselves, and said, "No opinion." Next we were asked, "Do you expect the shortage to affect you personally?" That was easy: "Yes." There followed a series of less interesting but significant questions: "When did you last buy gasoline? Have you ever had trouble obtaining the gasoline you needed? Have you read a national magazine within the last two days? Which one(s)? Have you watched a news or documentary program on television within the last two days?"

Then the sweet-sounding lady asked: "On a scale of +5 to -5, what is your opinion of the oil companies?"

"Which companies on what issues?" we responded unthinkingly. "Just your general impression," she said. "If you don't want to answer, we'll put you down as zero."

That over, the lady stated, "Now on the same scale, I'd like your opinion of five specific oil companies which I will name: Exxon, Shell, Texaco, Gulf, and Mobil."

The purpose of this question was transparently to check whether average scores here would correspond to those for the faceless "industry" as a whole. So we entered into the spirit of the thing and offered perfectly arbitrary, totally prejudiced scores, rewarding two companies that had once given us small grants, blackballing one for its role in white-controlled Africa, another for its labor relations, and a third because we disliked their TV commercials. After a few more routine questions about income and age brackets, the interview was over.

One can only surmise why this poll was conducted. Yet it is difficult to escape the conclusion that, if the oil companies get the results they are looking for, the country can expect a major advertising campaign in the national media blaming the energy shortage on the environmentalists.

* *Multinational Corporations in World Development*, prepared by the Department of Economic and Social Affairs of the U.N. Secretariat, 103 pp. of text, 90 pp. of annexes, \$10. (Available from the U.N. Sales Office, Document ST/ECA/190; sales no. E.73 II.A 11.)

The Debate Over the Multinational Corporation (MNC) in Relation to the Developing Nations

ITS PROPONENTS SAY

By focusing on economic rationality, the MNC represents the interests of all against the parochial interests of separate nations. It is the most effective available counter to rampant nationalism and a concept of sovereignty made obsolescent by the intensity of nations' interdependence.

The MNC has proven the only really effective instrument for economic development.

The MNC enhances competition, breaks local monopolies, and stimulates entrepreneurial activity. To the consumer it provides a better product at a lower cost. At the same time the MNC gets blamed for anything that goes wrong anywhere it is operating.

No more effective instrument has been found for the diffusion of technology...not merely advanced scientifically based techniques but also the broad application of ideas, managerial and productive skills, systems for accomplishing goals, and the training of leaders.

The MNC is the most promising instrument for the transfer of capital to the developing world, and its role will be crucial in overcoming the income gap that endangers the peace of the world.

The MNC's integrated and rationalized operations in many lands make it incomparably efficient.

Management of the MNC is becoming increasingly flexible, sensitive to local customs, and genuinely international in fact and in spirit. The host countries are often at fault for threatening confiscation and for constantly changing the rules of the game.

The MNC is an agent of change that is altering value systems, social attitudes, and behavior patterns in ways that will ultimately reduce barriers to communications between peoples and establish the basis for a stable world order. Opposition to the MNC arises essentially from the fact that the process is inevitably disruptive and that all change is resented.

ITS CRITICS SAY

The MNC is an invasion of sovereignty and removes a significant part of the national economy of the host nation from responsible political control. The MNC exercises improper political influence and frustrates national economic policies. It enflames nationalism and heightens tensions.

The interests of the individual subsidiaries and their host nations are sacrificed to those of the parent company.

Its sheer size and scope represent unfair competition to local enterprises. It tends to pre-empt the fast-growing, advanced-technology industries in which profits are highest, ignoring older, more competitive fields.

The transfer of technology is often minimal because (a) R&D is generally carried out by the parent company; (b) the training of nationals of the host country for positions of responsibility is widely neglected; (c) the technology itself is often closely held or unsuited. Also, the MNC may be an exporter of pollution.

The capital is costly, and profits are often exorbitantly high. Real profits are manipulated to avoid taxation, and too low a proportion of them is reinvested.

Developing nations are interested not in global efficiency, but in the creation of jobs and intermediate technology, which the MNC does poorly.

If the strength of the MNC lies in integrated operations and centralized control, the interests of the parent company must remain dominant and the MNC cannot ever become genuinely international. Often, the MNC resists genuine internationalization by (a) insisting on 100 percent control and (b) declining to put host nationals into top management.

Developing countries want to preserve their cultures and traditions—not to be homogenized. Far from breaking down barriers between peoples, the MNC aggravates tensions and stimulates nationalism. Moreover, there is every indication that these tendencies are intensifying. The MNC is the modern world's instrument of colonialism.

multinational corporation as spreader of pollution and as manager of natural resources deserves attention. Will MNCs press willing nations to accept high-pollution industries? What happens when a change of government or a new awareness changes the climate of opinion?

At the Algiers conference of non-aligned nations, stress was placed on developing nations gaining full control of their natural resources as well as the right to nationalize foreign holdings and to determine compensation. Because this process is already well underway—and because manufacturing in the Third World is increasing—the relative importance of the MNC in the area of natural resources is declining. Nevertheless, rates and kinds of exploitation of natural resources have been one of the major areas of conflict between multinational corporations and host nations. Some companies have bought up mining properties for no other purpose than to keep them off the market. In the remarkably recent past, when there was a world oil surplus, the producing nations were incensed because the companies would not increase production fast enough. What will happen to the developing nations when their non-renewable resources begin to run out or become less profitable to mine? Or, conversely, what may happen to world ore prices if it proves practicable and profitable for high-technology MNCs to mine the ocean floor?

These questions, like the others being asked by the U.N. committee, do not lend themselves to easy answers. But whether or not the United Nations succeeds in curbing the more arbitrary powers of the multinational corporation, a useful purpose will have been served by the investigation. It brings into the political forum an issue of prime importance that for too long has been discussed in academic circles or in a very limited context. One can hope that a code of conduct and some instrument of conciliation might emerge. At the very least, the study will add to the sophistication of small countries in dealing with the multinational corporation and focus public attention on one of the world's most dangerous anachronisms: unprecedented power without defined responsibility.

Global Report

Vienna—A new law here stipulates that any tree cut down at a construction site must be replaced. If the builder does not have sufficient space on his own property, he is required to plant and

maintain a tree on municipal land for every one cut down. Builders who fell a tree unlawfully can lose their building permits.

Bangkok—Pollution—not just here in the capital but also in rural Thailand—has become a political issue sufficient to cause the threatened resignation of a government minister. The focus of protest is the Mae Klong, a major river in western Thailand, which has become so polluted that it threatens the lives of several hundred thousand people who dwell along its banks and is endangering the lucrative tourist industry along the country's east coast.

The principal offenders have been sugar mills. When a group of university students gathered documented evidence of the effects of their dumping, the government was finally forced to act. Besides issuing a warning to the sugar mills, the minister of industry, Kris Sivara, proposed a government appropriation of nearly \$1 million to construct waste treatment facilities for the mills. The Bangkok press demanded to know why the taxpayer should subsidize the mills, which went unpunished, and accused the minister of having financial interests in the mills.

Stockholm—In recent years discussion of forestry practices has been a major preoccupation in Sweden. When the Swedish Society for the Conservation of Nature published its Year Book for 1973, its sixty-fourth edition, no less than twenty articles were devoted to forestry.

Approximately half the authors discussed or mentioned the contentious issue of clear-cutting, and surprisingly—given the sponsorship—almost all favored it. According to an English summary provided by the publisher, one writer declared that "given the climatic conditions for Swedish forestry, clear-felling is essential for the creation of new stands. Hard-won experience has proved this." Another argued that "clear-felling is necessary simply on biological grounds." The economic advantages were not mentioned. Other authors went no further than to warn that the ecological impact of clear-felling needs more study and that the size of clear-cut areas should be restricted.

Peking—According to a global report prepared for this month's conference of the Food and Agricultural Organization, 78 percent of China's cropland is now irrigated, compared with only 16 percent in 1952. In the off-season an estimated 25 billion man days are employed annually in an effort to make

Population: Target Nations

Some measure of what the World Population Year (1974) and the World Population Conference need to accomplish is indicated by the fact that, of nearly 120 developing countries, only thirty-one have policies favoring a lower rate of population growth; an additional twenty-eight support family planning in the interest of maternal and child health and the reduction of abortion, but not for demographic reasons. The remaining nations (more than sixty in all) are indifferent or actively opposed. It should be emphasized that countries have been categorized below on the basis of each government's stated, official policy, which in some cases may be misleading. Thus, for example, Mexico (in the second category) is now pursuing family planning with a lot more zeal than is Bangladesh (category one), where a backlash against limiting births occurred at the time of independence. Moreover, in some of the countries in the third category, family-planning services provided by private agencies are tolerated by the government.

Official policy to reduce the population growth rate

Bangladesh
Barbados
Botswana
Colombia
China
Dominican Republic
Egypt
Fiji
Gilbert and Ellice Islands
Ghana
India
Indonesia
Iran
Jamaica
Kenya
Laos
Malaysia (West)
Mauritius
Morocco
Nepal
Pakistan
Philippines
Puerto Rico
Singapore
South Korea
Sri Lanka
Taiwan
Thailand
Trinidad and Tobago
Tunisia
Turkey

Official support of family-planning activities for non-demographic reasons

Afghanistan
Algeria
Bolivia
Chile
Costa Rica
Cuba
Dahomey
Ecuador
Gambia
Guatemala
Haiti
Honduras
Hong Kong
Iraq
Mexico
Nicaragua
Nigeria
North Vietnam
Panama
Paraguay
Rhodesia
South Africa
South Vietnam
Sudan
Tanzania
Uganda
Venezuela
Western Samoa

Principal countries that are neutral or hostile to family planning

Argentina
Brazil
Burma
Burundi
Cameroon
Central Afr. Rep.
Chad
Congo
Cyprus
Ethiopia
Gabon
Guinea
Guyana
Ivory Coast
Jordan
Khmer Republic
Lebanon
Liberia
Madagascar
Malawi
Maldives
Mali
Mauritania
Mongolia
Niger
Peru
Rwanda
Senegal
Sierra Leone
Somalia
Syria
Togo
Upper Volta
Uruguay
Yemen
Zaire
Zambia

Source: "Population and Family-Planning Programs: A Fact-book" (fifth ed.), Dorothy Nortman, editor. Published by the Population Council, New York.

China completely immune from floods and droughts.

Nevertheless, the report states that "China's agriculture is not moving as fast as the government desires. The overall levels of production are not yet high enough. In many places development is not balanced, and quality often

leaves much to be desired. Many farm units are still not fulfilling their targets and, in spite of a great deal of sustained capital construction, China's agriculture is not yet fully protected against natural calamities. There are still threats of drought, waterlogging, floods, and pests. The irrigation facili-

ties in hill areas are not yet sufficient. The extent and quality of agricultural training and extension are not yet satisfactory."

New York—In addition to the dirty crankcase oil that reaches rivers and oceans from street runoff and simply by being dumped down sewers, an estimated 200 million gallons of used oil from automobiles are applied to dirt roads and parking lots in the United States to keep down dust. The ecological impact is unknown, but one study has indicated that only 1 percent of the total oil applied to a particular road remains in the top inch of the road surface. Not surprisingly, therefore, the Environmental Protection Agency considers the use of oil as a dust suppressant to be inefficient; the oil emulsifies quickly in rainstorms. Since crankcase oil contains a variety of metals, especially lead (about 1 percent by weight), the environmental consequences could be significant. The Council on the Environment of New York City is conducting a study to find out how significant.

Bonn—Although forests are expanding and now amount to 29 percent of West Germany's land area, environmentalists and hydrologists are not impressed. The increase is almost entirely in commercial softwood forests in remote areas. Two hundred square miles of critical woodland are said to be expiring each year to make room for roads, housing, and industry.

In the celebrated Black Forest, 700 springs have ceased to flow as a result of destruction of woodland. In the Rhine and Ruhr regions, where woods are urgently needed for their capacity to cleanse the air, pollution is getting the upper hand; 100,000 acres of woodland located on the outskirts of cities are succumbing.

As with so many countries after the situation has become "alarming," Germany is beginning to realize the importance of trees in the ecosystem—perhaps especially in an ecosystem dominated by industry.

Ibadan, Nigeria—Increasingly, family-planning efforts are directed toward closer integration with the work of those involved in family welfare generally—social workers, nutrition officers, agricultural extension workers, and health officers. Thus representatives of these professions in six English-speaking West African countries met here to discuss common goals and to coordinate planning and training. A similar meeting was held a year ago in Mombasa, Kenya; participants there came from

nine countries of eastern and southern Africa.

Much is to be gained by the community approach, wherein unwanted birth is seen as merely one of a related group of family and community problems: It disarms the opponents of family planning; and by gaining the support of others concerned with welfare, the reach of family-planning workers is extended.

Louisville—This city is among the latest to prove that rehabilitation of a downtown urban center can be a civic, esthetic, and commercial success. The River City Mall, dedicated this summer, has raised local pride and reversed the flow of retailing toward the suburbs. Local merchants are delighted.

Bangkok—The Asian Institute of Technology was established here in 1959. Since 1969 it has had a department of environmental engineering—a rare thing in Asia—and has conducted more than thirty-two research projects, most of them by graduate students. Significantly, a large majority of the studies relate to the problem of providing, at reasonable cost, a safe, adequate water supply to rural communities—described by the institute as "still the most urgent problem of developing countries."

World Environment News

A proposal to establish an International Environment News Service designed for the United States and Canada and serving as a pilot program for other developed countries has been warmly endorsed by Maurice F. Strong, executive director of the U.N. Environment Program (UNEP). The service would be funded initially by foundations and corporations but is expected to become self-supporting. Its clients would be the news media, non-governmental organizations, business, and the academic, scientific, and educational communities.

Plans for the service have been developed by Whitman Bassow, senior public affairs officer of UNEP and an experienced journalist (United Press International, C.B.S., *Newsweek*). They are based on extensive interviews throughout the United States to determine whether the need for such a service exists. Bassow's favorable report and recommendations have been circulating within the United Nations and other concerned organizations for several weeks.

Administratively, the service is expected to be placed under the wing of the U.N. Association of the U.S.A., a non-profit organization with 80,000

members in 175 chapters throughout the country.

Strong support for the project comes not only from environmentalists but also from those who see the environment issue as a means of raising the stature of the United Nations in the eyes of the American people. This would be accomplished by showing that the United Nations "is really doing something important" in an area of direct concern to North Americans. The service would not, however, be limited to reporting on UNEP and other U.N. agencies involved with the environment. Its publications and information services would cover all major international developments, as well as significant activities in individual countries. The service would also be designed to meet the very diverse requirements of its various potential clients.

Environment Peace Corps

The Smithsonian Institution has its own peace corps especially for the environment. Several hundred professional biologists, botanists, ecologists, soil scientists, entomologists, and others with relevant skills are serving in more than forty developing countries. But the demand for volunteers with such specialized knowledge far outruns the supply.

Below, under broad generic headings, are the countries that are currently seeking assistance in filling particular jobs:

Wildlife Ecology/Management—Chile, Philippines, Niger, Cameroon, Brazil, Ivory Coast, Venezuela, and Upper Volta.

Forestry—Costa Rica, Philippines, Ecuador, Venezuela, Honduras, and Colombia.

University-Level Teaching—Ghana, El Salvador, and Malaysia.

Soil Science and Range Management—Philippines, Iran, Colombia, Tunisia, Malawi, and Cameroon.

Marine Science/Fisheries—Chile, Zaire, Nicaragua, India, Dahomey, Niger, and El Salvador.

National Parks—Venezuela, Philippines, Niger, Ivory Coast, Cameroon, Colombia, and Upper Volta.

Entomology/Pest Control—Tonga, Colombia, Uruguay, Liberia, Ghana, Fiji, and Honduras.

Air, Land, and Water Resource Management—Botswana, Chile, Colombia, Peru, Nicaragua, Philippines, Brazil, and Ivory Coast.

Botany/Plant Pathology—Brazil, Upper Volta, Colombia, Tonga, Chile, Venezuela, and Malawi.

Zoology—Brazil, Venezuela, and Korea.

(For further information, write Robert K. Poole, Office of Ecology, Smithsonian Institution, Washington, D.C. 20560.)

Birgit Nilsson and Other Amenities of Perth, Australia

By Irving Kolodin

Perth, Australia

Birgit Nilsson is that rare singer who takes with her wherever she goes the day's standard of quality in a whole segment of the vocalist's art. Her first tour to Australia in September–October has been an occasion for the music lovers of the whole continent to cherish. This is a part of the world where the major Wagner operas are rarely heard and, on the Nilsson level, practically never. There may be some aging music lovers in Sydney and Melbourne who recall the visit of Kirsten Flagstad in 1936, but the like of Nilsson with orchestra has not previously been heard in the south (Adelaide) or the west (Perth).

Clearly Nilsson would not be in Australia at this time had she not participated in the opening of the concert hall of the Sydney Opera House. But that much-discussed, long-deferred, celebrated, denigrated construction has even broader bearings on her appearances elsewhere in Australia. It is no mere coincidence that both Perth and Adelaide have dedicated new concert halls this year. Example breeds emulation the world around, and the lavish initiative in Sydney is no exception. Those in Perth and Adelaide are considerably less lavish, but no less positive, contributions to the creation of a continentwide cultural network that will tie together this widely dispersed but interdependent society.

For the first time the best representatives of worldwide performing skills and artistry can plot a course across Australia from east or west, rather than be confined to the great population centers on the Pacific side. Much as this serves commercial convenience for the performer, it serves even more strongly the promotion of local ends by bringing the Nilssons, de los Angeleses, and Ashkenazys of the world to places where they might not otherwise appear. Given the stimulus of such visitors, it is a reasonable presumption that for every Melba, Percy Grainger, John Brownlee, or Joan Sutherland who has emerged in the past from Melbourne or Sydney, there will be two, three, or four others from the south and

west, as well as east, to Australia's and the world's gain.

The lure of a new interest in Perth provided not only a welcome opportunity for reacquaintance, in unfamiliar surroundings, with Nilsson's breadth of sound and grandeur of style in favorite works of Gluck, Beethoven, Wagner (the Liebestod, of course) and Verdi ("Pace pace" from *La Forza del destino* as an "extra" for the deliriously happy audience) but also for appraisal of the present state of the Kirov Leningrad Ballet. The broad, shallow, hard-floored stage of the 1800-seat concert hall served the needs of Nilsson and the Western Australian Symphony, conducted by Henry Krips, better than the requirements of the touring Russians. But even its encroaching walls left little doubt that in Mikhail Barishnikov the Kirov has a twenty-five-year-old crowd pleaser who may come to rival Nureyev, especially if he can be prevailed upon to stay, and mature, at home. Barishnikov is less a balletic bouncer or leaper than he is a flyer, capable of long, arching parabolas or the most graceful of multiple aerial turns.

With or without such professional pleasures, the visit to Perth allowed for the memorable discovery that it is perhaps the most beautifully situated of Australian cities, entitled to a place among other such favorites of the world as Vancouver, San Francisco, and Rio. All have in common the presence of abundant water. In Perth it is not only the broad (at this point) Swan River but the Indian Ocean as well. Local residents who have not ventured too far from home are fond of saying, "It's like California, isn't it?" A

comparison with most of California is on the libelous side for Perth, where sailing on the Swan can be a lunchtime diversion, and the sandy beaches by the surf are closer to the center of town than Santa Monica is to Hollywood and Vine.

Perth is basically an administrative rather than a commercial community, with many of the 700,000 inhabitants employed in the functions that go with its place as capital of the huge, productive spaces of western Australia. Civic leaders are restlessly aware that there is such a thing as pollution to be reckoned with; yet it is nearly non-existent in this "open" city, with little manufacturing and a free flow of air from all sides. Proximity to the ocean may bring with it gale winds at unexpected intervals, but the gale winds also bring drenching quantities of rain, which cleanse the air and renew the greenery.

This play of the elements may explain why the terrain is fertile enough to support growth of all kinds, but a jealous sense of community pride preserves the riverbanks for parkland and converts the 7000 kinds of wild flowers found in the region from a statistic to an adornment. In addition Perth has one of the prime educational institutions of the Southern Hemisphere in the University of Western Australia, whose tree-shaded campus does indeed suggest Palo Alto. The community is spawning a ballet company, under the direction of the experienced Rex Reed, that may attain more than local repute. All this, the Kirov, and Nilsson, too? The overseas jets come and go regularly at the Perth airport, only five miles from the concert hall. □

The orchestra rehearses for the opening of the Perth Concert Hall.

Mike Brown

