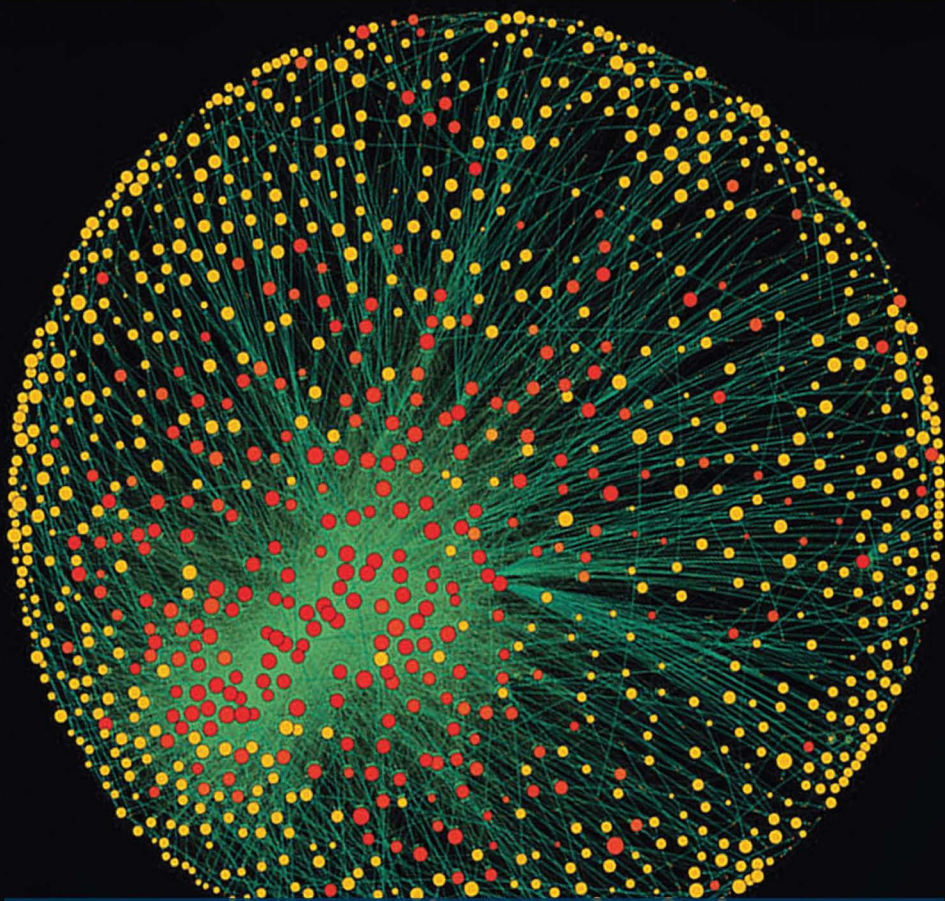


GLOBAL INSTITUTIONS



**United Nations Centre on
Transnational Corporations**
Corporate conduct and the public interest

Khalil Hamdani and Lorraine Ruffing



United Nations Centre on Transnational Corporations

The United Nations Centre on Transnational Corporations (UNCTC, or the Centre) was established in 1975 and abolished in 1992. It was an early effort by the UN to address the overlapping issues of national sovereignty, corporate responsibility, and global governance. These issues have since multiplied and deepened with globalization. This book recounts the UNCTC experience and its lessons for international organizations.

This book is not only an insider perspective by two former staff but also a collective memoir of the UNCTC as an international organization that attempted with varying success to defuse the clash between corporates and states that erupted in the turbulent 1970s. This personal account of the UNCTC is a mixture of history, analysis, reflections, and critical commentaries, told in different voices that penetrate the bland persona of international civil service. In this retelling, the authors seek to address misconceptions amongst the more general literature and to seek to provide accounts of both its positive and negative features.

The UNCTC experience recounted in this book holds valuable lessons for international organization and will be of interest to students, scholars, and practitioners alike.

Khalil Hamdani was chief of the UNCTC executive office and later the director of the programme.

Lorraine Ruffing worked for five different United Nations agencies over the last 22 years.

Global Institutions

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United Nations Centre on Transnational Corporations

**Corporate conduct and
the public interest**

Khalil Hamdani and Lorraine Ruffing

**With reflections and critical
commentary from colleagues, delegates,
and participants**



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Abbreviations

ABSL	Association of Business Service Leaders
ACCA	Association of Chartered Certified Accountants
ACP	African, Caribbean, Pacific
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
ANC	African National Congress
ASEAN	Association of Southeast Asian Nations
BASF	Largest chemical in the world (German)
BCCI	Bank of Credit and Commerce International
BDS	Business development services
BIAC	International Business Advisory Committee at OECD
BIG 8	Arthur Andersen, Arthur Young, Coopers & Lybrand, Ernst & Whinney, Deloitte Haskins & Sells, Peat Marwick Mitchell, Price Waterhouse, Touche Ross
BIG 6	Arthur Andersen, Coopers and Lybrand, Deloitte & Touche, Ernst & Young, KPMG Peat Marwick, Price Waterhouse
BIG 5	Arthur Andersen, Deloitte & Touche, Ernst & Young, KPMG Peat Marwick, PricewaterhouseCoopers
BIG 4	Deloitte & Touche, Ernst & Young, KPMG, PricewaterhouseCoopers
BIT	Bilateral investment treaty
BOT	Build-operate-transfer
CARICOM	Caribbean Community
CDPPP	Centre for Development Planning, Projections and Policies at the United Nations
Centre	UN Centre on Transnational Corporations
CEO	Chief executive officer
CFO	Chief financial officer
CG	Corporate governance

CGA	Certified General Accountants of Canada
CIA	US Central Intelligence Agency
CSR	Corporate social responsibility
DHA	UN Department of Humanitarian Affairs
DUMA	Russian parliament (acronym in Russian)
ECOSOC	UN Economic and Social Council
EEC	European Economic Community
EFTA	European Free Trade Association
EMPRETEC	Entrepreneurs and technology (acronym in Spanish)
EPA	US Environmental Protection Agency
EPZ	Export processing zone
EU	European Union
FAO	Food and Agriculture Organization
FASB	Financial Accounting Standards Board
FDI	Foreign Direct Investment
FIAS	Foreign Investment Advisory Services
FIDEF	Federation Internationale des Experts-Comptables Francophones
FTZ	Free trade zone
FTSE4 Good	An index which measures the performance of socially responsible equities
GAAP	Generally accepted accounting principles
GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GEP	Group of Eminent Persons
GNS	Group of Negotiators on Services
G7	Canada, France, Germany, Italy, Japan, United Kingdom, United States
G20	G7 plus Argentina, Australia, Brazil, China, India, Indonesia, Republic of Korea, Mexico, Russian Federation, Saudi Arabia, South Africa, Turkey and the European Union
G77	Group of developing nations in the United Nations
Group D	Group of socialist countries of Eastern Europe
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
GVC	Global value chains
IAS	International accounting standards
IASB	International Accounting Standards Board
IASC	International Accounting Standards Committee (now the IASB)
IBLF	International Business Leaders Forum
IBM	International Business Machines

ICC	International Chamber of Commerce
ICSID	International Convention for the Settlement of Investment Disputes
ICT	Information and communication technologies
IFAC	International Federation of Accountants
IFRS	International financial reporting standards
IAs	International investment agreements
ILO	International Labour Organization
IMF	International Monetary Fund
IOCU	International Organization of Consumer Unions
IOE	International Organization of Employers
IPA	Investment promotion agency
IRTMs	Investment-related trade measures
ISAR	UN Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting
ITT	International Telephone and Telegraph Corporation
JV	Joint venture
KGB	Committee for State Security (acronym in Russian)
LDCs	Least developed countries
LIBOR	London Interbank Offered Rate
MAI	Multilateral agreement on investment
MBA	Masters in Business Administration
MIC	Methyl isocyanate
MIGA	Multilateral Investment Guarantee Agency
MFN	Most favored nation
MNC	Multinational corporation
MNE	Multinational enterprise
MSI	US management consulting firm
NAFTA	North American Free Trade Agreement
NGO	Non-governmental organization
NIEO	New International Economic Order
OCHA	UN Office for the Coordination of Humanitarian Affairs
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
OSCE	Organization for Security and Co-operation in Europe
PNG	Papua New Guinea
PTA	Preferential trade agreement
PYME	Small and medium-size enterprise (in Spanish)
SADCC	South African Development Co-ordination Conference
SEBRAE	Servico Brasileiro de Apoio as Micro e Pequenas Empresas (Brazilian Micro & Small Business Support Service)

xx *Abbreviations*

SEC	US Securities and Exchange Commission
SIDA	Swedish International Development Agency
SME	Small and medium-size enterprise
SMME	Small, medium-size, and micro enterprise
SOA	Sarbanes-Oxley Act 2002
SPCC	Southern Peru Copper Corporation
SRL	Societe a Responsibilite Limite (limited liability company)
SWOT	Strengths, weaknesses, opportunities, threats
TA	Technical assistance
TDF	trans-border data flows
TDR	Trade and Development Report
TNC	Transnational corporation
TRIMS	Trade related investment measures
TUAC	Trade Union Advisory Committee at OECD
UAE	United Arab Emirates
UCIL	Union Carbide India Limited
UK	United Kingdom
UN	United Nations
UNCITRAL	UN Commission on International Trade Law
UNCTAD	UN Conference on Trade and Development
UNCTC	UN Centre on Transnational Corporations
UNDP	UN Development Programme
UNEP	UN Environment Programme
UNICEF	UN Children's Fund
UNIDO	UN Industrial Development Organization
UNOCAL	Union Oil of California
UNOMSA	UN Observer Mission in South Africa
UNRWA	UN Relief and Works Agency
US	United States of America
USSR	Union of Soviet Socialist Republics
WAIPA	World Association of Investment Promotion Agencies
WBCSD	World Business Council for Sustainable Development
WEGO	Western Europe and Others Group
WEF	World Economic Forum
WHO	World Health Organization
WIR	World Investment Report
WTO	World Trade Organization

Preface

“When do you want to do it?” she asked. “Next year,” he said. A year later, the same query, the same reply. But 2012 was different. The 20th anniversary of the abolition of the UN Centre on Transnational Corporations (UNCTC, or the Centre) seemed a good time to reflect on what happened, was achieved and is left undone. This book is that reflection.

Twenty years ago, one evening in late-February 1992, the call came from the top 38th floor of the UN. The chef de cabinet of the new secretary-general was informing our boss of the decision to close the Centre. It was a brief conversation, the gist: nothing personal, part of a larger downsizing to please our largest shareholder. It was a hard reminder that global institutions are not immune from the forces that govern any other institution. That is the first lesson.

There are other lessons to be drawn from the UNCTC experience and this book is about the broader implications for international organizations. It is an insider perspective by two former staff but we also intend it as a collective memoir. At the outset, we sent an outline to all former staff that we were able to trace and invited them to submit brief reflections on any aspect of the Centre’s work. Many responded, a few declined, and 17 eventually submitted. In addition, we sought views on the intergovernmental process and invited three delegates from developed and developing countries that had participated actively in the negotiations on the code of conduct (two accepted); and also four experts that had made key contributions to the work on international standards of accounting and reporting (ISAR), three of these experts made a joint submission. The reflections of colleagues and participants are presented separately under their name. We edited the lengthier submissions but left some overlap as events can be recalled in different ways. We prepared the overall history and analysis, and are responsible for the content. We offer, of course, a sympathetic account but hopefully the passage of time has tempered and broadened our view of what happened and why.

A final lesson was learnt just a few weeks before submitting this manuscript to Routledge. On 26 June 2014, UN member states voted to begin fresh negotiations on a binding code of conduct on transnational corporations. The circumstances are different but the issues remain. What we planned as a memoir is also apparently a timely primer for the next generation that will soon take up the unfinished work and carry it forward.

Khalil Hamdani and Lorraine Ruffing
Geneva and New York
August 2014

Introduction

- **Setting**
- **Key themes**
- **Caveat**

The United Nations Centre on Transnational Corporations (UNCTC, or the Centre) was established in 1975 and abolished in 1992. It was an early effort by the UN to address the overlapping issues of national sovereignty, corporate responsibility, and global governance. These issues have since multiplied and deepened with globalization. This book recounts the UNCTC experience and its lessons for international organizations.

Setting

The UNCTC is a case study of an international organization that attempted with varying success to defuse the clash between corporates and states that erupted in the turbulent 1970s. At the time, there was widespread public outcry over the involvement of foreign companies in the 1973 *coup d'état* in Chile as revealed by the hearings lead by Senator Frank Church in the US Congress on the influence of multinational corporations on government. It was a time when developing countries were exercising newly gained national sovereignty. It was also a time of North-South dialogue and confidence in the capacity of the United Nations to promote international economic cooperation.

The UNCTC was established with high expectations but it failed in its main task to formulate a code of conduct for transnational corporations. It did, however, succeed in promoting international understanding of transnational activity. It demystified the phenomenon of transnational corporations (TNCs), elucidated rights and responsibilities and the case for regulatory oversight, and advised on policies to reap the development benefits of foreign direct investment. Nevertheless,

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its mandate faded with the market-oriented policy shifts of the 1980s and disillusionment with the rhetoric of the New International Economic Order (NIEO, discussed in Chapter 3), and it was abolished in the 1992 restructuring of the economic and social activities of the United Nations.

However, the 1970s were a prelude of things to come. The worldwide expansion of multinational activity has fueled new discontents. The rise of civil society and social media has elevated the public interest in corporate governance and corporate responsibility. The clash between corporates and states re-emerged in this century on a global scale, with financial and political turmoil and ever increasing demands from parliamentarians, regulators, shareholders, and civil society to curb corporate excesses. These demands are voiced most vociferously in developed countries.

More than two decades after the UNCTC was wound up, the codification of a normative investment framework remains an international concern. The Group of 20 (G20) has taken up the issue of tax havens. Parliamentarians are outraged by tax avoidance through transfer pricing and inversion. Regulators are prosecuting major banks for fixing the London Interbank Offered Rate (LIBOR) and foreign exchange rates. The media is replete with news of companies maintaining slush funds to bribe state enterprises for contracts; of opaque mining deals in Africa; and of garment manufacturers shirking responsibility for their supply chains that harbor sweat shops in Asia. These are complex issues, involving national interests and multiple stakeholders, yet global institutions are expected to provide solutions in the global public interest.

Key themes

The UNCTC story has been told twice before. Sidney Dell featured it in the initial volume that launched the institutional history of the UN in 1990.¹ More recently, in 2008, Tagi Sagafi-Nejad, in collaboration with John Dunning, chronicled it for the UN Intellectual History Project.² Ours is a more personal account, presenting the UNCTC story less as history and more as reflections on its successes and shortfalls as seen by international civil servants who often were in the crossfire of country delegates. We invited former colleagues, several of whom joined the Centre before us, to supplement our recollections with theirs. We also enlisted Miguel Marin-Bosch and Guttorm Vik to present the delegate perspective, as well as several of the expert participants. The result is a mixture of history, analysis, reflections, and critical commentaries, told in different voices that hopefully penetrate the bland persona of international civil service.

In our retelling, we address misperceptions that linger in the more general literature. Among such misperceptions is the portrayal of UNCTC as hostile to multinationals.³ This is incorrect. The Centre was neither for nor against TNCs. We sought from the outset to demystify a novel phenomenon that had seemingly negative and positive features whose extent and consequence were largely unknown. This is a key theme of Chapter 2. Raymond Vernon judged the approach as follows: “The UN Centre on Transnational Corporations has developed a businesslike air, more akin to the professionalism of the Securities and Exchange Commission [of the US] than to the prosecuting fervor of the Church Committee.”⁴

Another stereotype is the depiction of UNCTC as biased in favor of developing countries.⁵ This, too, is incorrect. We urged restraint in our policy advice. More often than not, companies welcomed or did not oppose our assistance to countries in contract negotiations. We promoted a level playing field and, in the process, the negotiations often went more smoothly and speedily. We urged countries to look beyond financial returns, at the larger benefits for the economy and their stated development goals. We also advised on broader policies and institutions. These are key themes of Chapter 6. John Dunning assessed the policy advice as follows:

The UNCTC’s most distinctive contribution to our understanding about the interface between the economic strategies of the TNCs and the goals and policies of national regimes in which they were embedded – was the advice it offered to developing-country governments on how best to attract the best kind of inbound FDI, and the appropriate actions they might take to ensure that such investment would upgrade the resources and capabilities within their jurisdictions in the most cost-effective and socially acceptable way.⁶

There are also misperceptions of the code of conduct, which we revisit in Chapter 3. The code is often characterized as a North-South issue—as a demand of newly independent developing countries asserting national sovereignty. In fact, there were many developed countries that supported the code. Indeed, the developed countries adopted parallel guidelines in the Organization for Economic Co-operation and Development (OECD). While some developing countries presented the code in terms of the New International Economic Order (NIEO), the sentiment of many countries, developed and developing, was practical and down-to-earth. As former UNCTC Executive Director Klaus Sahlgren put it: “The Code gave some concrete content to the NIEO.” He

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added: “Our exercise could have been a signal to members – to the world, to put it a little bit pompously – that the NIEO could also mean something useful, like the Code, instead of trying to introduce socialist concepts on the global scale.”⁷

The code of conduct has been labeled in some quarters as anti-capitalism.⁸ It is true that socialist countries used the code negotiations to decry the capitalist system. However, as the US delegate to the code negotiations (1975–1987), Seymour Rubin, testified before the US congress in 1989: “So the Code as it now stands derives more from American doctrine, worked out in the practical laboratory of a free-enterprise system which recognizes the essential role of government in establishing standards of conduct, than it does from the overreaction of the 1970s.”⁹

The code of conduct is too readily dismissed as an anachronism. The code addressed concerns relevant for its era.¹⁰ Those concerns may have faded but others have surfaced. The underlying issue of corporate conduct and public interest is generic to any economic system and of enduring relevance. This is a key theme of Chapter 7.

Overall, there is need for greater appreciation of the role that the UN has played—and can play—in defining norms and setting standards for corporate behavior. The UN is a global platform for activism and engagement (highlighted in Chapter 5), an effective channel for capacity building (highlighted in Chapter 6), and a viable forum for technical discussion (highlighted in Chapter 4). Although receiving less attention than the code of conduct, the work on international standards for accounting and reporting (ISAR) blossomed. The annual gathering of experts—government finance authorities, lawyers, corporate executives, professional accountants, and auditors—took on an identity of its own. Its initial work was not without its detractors from the international business community. However, over the years the global accounting profession participated in and benefited from ISAR activities. Pioneering contributions were made in identifying best practices for financial reporting and on expanding the scope of company reports to disclose non-financial information (such as environmental performance, global operations and corporate governance and social responsibility). The lesson for international organizations is clear: cooperation among governments is enriched with the participation of relevant stakeholders.

Caveat

After the UNCTC was abolished, the program of work on transnational corporations was transferred from New York to Geneva and re-established

in UNCTAD in 1993 (discussed in Chapter 1). This book does not delve into the work of the successor program of UNCTC. Most of the UNCTC staff migrated with the program and can detail many achievements but that is for another occasion. We do, however, wish to correct one final misperception. Some scholars have chastised the successor program for being less critical of multinationals than the former UNCTC.¹¹ This is a superficial reading of history.

Global policies are subject to pendulum swings, at one time leaning towards regulation and at other times away from it. The future may hold further swings.¹² The role of international organizations is less to control the tides, and more to stay abreast of evolving trends and to be responsive to the changing needs of weaker stakeholders. As corporate activity has grown more complex, we have demystified it. As countries have opened up to foreign direct investment, we have helped them build up their capacities to attract and benefit from it. As we recall in Chapter 1, Raúl Prebisch expressed the hope at the outset in 1972 that countries and corporates might “achieve fruitful relationships of living side by side and co-operating.”¹³ The UNCTC and its successor program helped transform that hope into reality.

Notes

- 1 Sidney Dell, *The United Nations and International Business* (Durham, N.C.: Duke University Press, 1990).
- 2 Tagi Sagafi-Nejad, in collaboration with John Dunning, *The United Nations and Transnational Corporations: From Code of Conduct to Global Compact* (Bloomington: Indiana University Press, 2008).
- 3 This view emanated from the Heritage Foundation but also appears in the writings of UN staff, for example, Sandrine Tesner, in collaboration with George Kell, *The United Nations and Business: A Partnership Recovered* (London: MacMillan, 2000), 23, states “In the 1990s, the CTC gave up its hostile tune to multinationals.”
- 4 Raymond Vernon, “Sovereignty at Bay: Ten Years After,” in *Multinational Corporations. The Political Economy of Foreign Direct Investment*, ed. Theodore H. Moran (Lexington, Mass.: Lexington Books, 1985), 257. Vernon created and directed the Multinational Enterprise Project at Harvard Business School.
- 5 This, too, is terminology associated with conservative business groups but also appears in the writings of former UN staff, for example, Stephen Browne, *United Nations Industrial Development Organization: Industrial solutions for a sustainable future* (New York: Routledge, 2012), 62, states that UNCTC “perceived business through a predatory lens.”
- 6 John H. Dunning, *Seasons of a Scholar. Some Personal Reflections of an International Business Economist* (Northampton, Mass.: Edward Elgar), 178. Dunning was a leading scholar on multinational enterprise. The center for international business at the University of Reading was renamed in his honor.

6 Introduction

- 7 Klaus Sahlgren is quoted in *UN Voices: The Struggle for Development and Social Justice*, ed. Thomas George Weiss, Tatiana Carayannis, Louis Emmerij, and Richard Jolly (Bloomington: Indiana University Press, 2005), 237. The New International Economic Order (NIEO) was advanced by the Group of 77 developing countries (G77) through a series of resolutions in the UN General Assembly in 1974, which aimed to promote a more equitable international economic system (see Chapter 3).
- 8 For example, Juliana Geran Pilon, “The Centre on Transnational Corporations: How the U.N. injures poor nations,” *Heritage Foundation Backgrounder* no. 608, 5 October 1987, begins “The United Nations has a long history of attacking the free enterprise system. A key element in this is the campaign against multinational corporations,” and goes on to label the code as “regulation of private enterprise.” She expressed similar views in the *Wall Street Journal*, 18 September 1986.
- 9 Seymour J. Rubin, “Testimony at the Hearings on the Code of Conduct, House of Representatives, Subcommittee on Human Rights and International Organizations of the Committee on Foreign Affairs, 15 November 1989,” excerpted in *The CTC Reporter* 29 (Spring 1990): 24–25. Rubin was the US representative to the Commission on Transnational Corporations.
- 10 When it was apparent that the code was in trouble, the father of the exercise, Philippe de Seynes, “Ten years later,” *The CTC Reporter* 19 (Spring 1985): 4, had counseled: “It is perhaps a blessing in disguise that the Code of Conduct has not been finalized, for it may be that far-reaching technological and institutional innovations, their distributional effects and their implications for the stability and evolution of the social and political climate, require a substantially modified approach.”
- 11 For example, John Toye, *UNCTAD at 50: A Short History* (Geneva: United Nations, 2014), 84, states that the tone of the World Investment Report was “quite different from the much more critical stance to FDI and transnational corporations that the United Nations Centre on Transnational Corporations had taken in the 1970s.”
- 12 Sagafi-Nejad, *The United Nations and Transnational Corporations: From Code of Conduct to Global Compact*, 209–210, hints “that the pendulum may be swinging again.”
- 13 “Statement made by Mr. Raul Prebisch, Under-Secretary-General of the United Nations, Director-General of the Latin American Institute for Economic and Social Planning and former Secretary-General of UNCTAD, at the 103rd plenary meeting on 26 April 1972,” *Proceedings of the United Nations Conference on Trade and Development. Third session. Santiago de Chile, 13 April to 21 May 1972*. Volume I, 365–369. Prebisch was the first secretary-general of UNCTAD.

1 The United Nations Centre on Transnational Corporations

- **Origins**
- **History**
- **Conclusion**
- **Reflection 1.1 Transnationals in the UN spotlight: the beginning**
- **Reflection 1.2 The uniqueness of the Centre**

Throughout history, countries have fought wars, built empires, established colonies, and imposed imperial rule to exploit resources in foreign lands. This was often done with private enterprise under the tutelage of the home country and the consent of the ruling elite in the host country. When disputes arose, these were settled through diplomacy or force. Our story begins much later, well after the imperial era and the subsequent independence movement but it is important to bear in mind that the issues—of sovereignty, appropriation and compensation, equitable treatment, and the like—have a violent and passionate past.

Origins

Transnational corporations were placed on the UN agenda in the 1970s. It was period of economic nationalism, Cold War politics, covert activity, and political jingoism. International business was seen as a facilitator, a victim, and a threat. The time was ripe for the UN to be a platform for recrimination or for dialogue; in retrospect, it was both, and more.

“Multinational enterprises,” declared Chile’s President Salvador Allende, “have become a supranational force that is threatening to get completely out of control.” It was the 13th of April 1972 and the occasion was the third ministerial session of the United Nations Conference on Trade and Development (UNCTAD III), a conference which his newly elected government was proudly hosting and for which it had constructed a grand convention complex in Santiago. In the plenary

hall were seated more than 2,000 participants from a 131 countries but his remarks were equally intended for the nation: “Recent and well-known cases, which have shocked the world, and by which we are directly affected, sound the alarm for the international community, which is under an imperative obligation to react with the utmost vigour.”¹

The timing could not have been better. Three weeks earlier *The Washington Post* (on 22 March 1972) and *The New York Times* (on 21–23 March 1972) reported that the Central Intelligence Agency of the United States had plotted with the International Telephone and Telegraph Company (ITT) to prevent Allende from becoming the first democratically elected Marxist president in Latin America. The US state department denied the matter but the news reports—which were credible²—had already created a stir and the UN was an opportune forum to rebuke America. President Allende did so in a grand way, evoking the broader theme of collective struggle against capitalism and the quest of the newly enfranchised developing nations to seek their rightful place in the world community. The audience was electrified.

Nevertheless, it was Raúl Prebisch who placed the issue in perspective. The former secretary-general of UNCTAD studiously observed in his address to the conference:

The portent of the international corporation has arisen. A ‘portent’, in the ordinary sense of the word, is a cause for both wonder and concern. The cause for wonder is not only its production technology, but also its organizational and commercial expansion techniques throughout the world. It is a cause for concern since we must ask ourselves: what will our countries’ position be within that multinational framework?³

Visionaries and realists would agree with what he said next: “In truth, it is indispensable to draw up new rules of the game.” However, it was Prebisch’s subsequent remark that was prescient:

I think it is possible to achieve fruitful relationships of living side by side and co-operating whatever the economic and social system involved, whether it be co-operation between a foreign private enterprise and a private or public enterprise in a developing country, or between a socialist enterprise in a developed country and a private or public enterprise in a developing country.

Even as the halting search for new rules of the game continues four decades on, fruitful relationships of a sort did emerge and for many

developing countries today attracting foreign direct investment is the main game in town. But we are getting ahead of ourselves.

The 1972 Santiago conference did not take up Allende's call that "UNCTAD should look very carefully into this threat," but there was one person in the audience who did. He was Philippe de Seynes, the under-secretary-general in charge of the UN Department for Economic and Social Affairs. De Seynes was keenly interested in issues of foreign direct investment and multinational corporations and had already convened UN expert panels on these issues in Amsterdam in 1969 and in Medellín, Colombia in 1970. Prior to that, in 1944, he had helped draft the investment provisions of the stillborn Havana Charter.⁴ He now promptly set about getting a mandate in the Economic and Social Council (ECOSOC), which was to meet in Geneva just six weeks after UNCTAD III.

In the World Economic Survey that de Seynes presented to ECOSOC in July 1972 was added, at the end of a dry account of capital movements, a three-sentence insert on multinational corporations with a bold conclusion: "The international community has yet to formulate a positive policy and establish effective machinery for dealing with the issues raised by the activities of these corporations."⁵ His introductory remarks to the Council expounded upon the idea, and a parallel statement by the representative of Chile on the ITT affair incited a protracted discussion on multinational corporations. Remarkably, ECOSOC adopted a unanimous resolution 1721 (LIII) on 28 July 1972 to appoint a Group of Eminent Persons to study the matter, formulate conclusions and submit recommendations for international action. The operational paragraphs had some 300 words but the resolution was agreed by consensus and that is testimony to the leadership of Philippe de Seynes.

The study group comprised 20 personalities, half from developed and half from developing (including socialist) countries, with a mix of backgrounds in academia, government, and the enterprise sectors. They included a former Swiss president, a US senator, and several ministers, ambassadors, professors, and company executives. Senator Jacob Javits was a republican on the Senate Committee on Foreign Relations, which was about to look into the ITT affair. The other American member was the industrialist Joseph Irwin Miller, chairman of Cummins, a Fortune 500 company. The Dutch statesman, Sicco Mansholt, was president of the European Commission. The German minister, Hans Matthoef, was a champion of trade unions. The British academic, John Dunning, was an authority on foreign direct investment. The Chilean diplomat, Juan Somavía, was active on investment issues in the Andean Group (and the son-in-law of Ambassador Hernan Santa Cruz, head of Chile's delegation to UNCTAD III and its mission in Geneva that sponsored