THE FIRST STONE

THE DEATH OF NATIONS

By Joel Bleifuss

President Bill Clinton, in an address to the French National Assembly earlier this month, directed his gaze to the dangers facing the post-Soviet world. "Militant nationalism is on the rise, transforming the healthy pride of nations, tribes, religious and ethnic groups into cancerous prejudice, eating away at states and leaving their people addicted to the political painkillers of violence and demagoguery," he said. "We see the dark future of these trends in mass slaughter, unbridled terrorism, devastating poverty and total environmental and social disintegration."

Clinton believes he has discerned the way to an alternate future: free nations with free markets practicing free trade, freedoms that would be guaranteed internationally by agreements like GATT and by institutions like the U.N. Clinton makes a good point—in that further integration of the world economy will inextricably tie nations together, diminishing the chance of war. No small feat as the bloodiest century in human history draws to a close. Yet Clinton and his fellow free-trading statesmen, by settling for a *pax commercial,* have ceded control of the world economy to TNCs.

TNC is the acronym used by U.N. bureaucrats for transnational corporations. A more accurate term, I believe, would be "stateless nations." The larger of these stateless nations—such as Royal Dutch Shell, Ford, General Motors and Exxon—have economies that dwarf those of many nation-states. They are governed by elected representatives, chosen on the basis of the democratic capitalist principle of one share, one vote. Since stateless nations lack a geographic realm, their dominions include vast bank accounts, proprietary information, globally interconnected production sites and an army of mercenary workers.

The lifeblood of stateless nations is the free and open market. Apparently, the alternative to global free trade is earthly chaos. And so Clinton warned, with a reference to the former Eastern bloc, "If our new friends are not able to export their goods, they may instead export instability."

In effect, under cover of the Western bloc's celebration of the Eastern bloc's fall, a quiet coup has been staged. And the birth of this new order has been accompanied by the demise of the only international attempt to regulate the behavior of stateless nations.

As journalist Carla Stea has reported, last year the U.N.'s Code of Conduct on Transnational Corporations, which had been 15 years in the making, died a quiet bureaucratic death. And with it died the U.N. agency that was to oversee the code's implementation, the Center on Transnational Corporations.

The Center on Transnational Corporations was established by the U.N. in 1976, in the wake of two events that shook the world establishment. In 1973, the United States, with the support of U.S.-based International Telephone and Telegraph (ITT), orchestrated a coup against Chile's democratically elected government of Salvador Allende. This interference—by a stateless nation in the internal politics of a host nation—gave jitters to many developing countries. In 1976, it was the developed countries' turn to quake, when Libya expropriated oil wells belonging to the stateless nation of Occidental Petroleum.

So, the Center was established and the process of writing a Code of Conduct on Transnational Corporations began. For the following 15 years the code was negotiated, and by 1992 almost all of the code's "brackets"—that is, language over which there was disagreement—had disappeared. And then the code itself disappeared.

Several factors contributed to its abandonment. The world of 1992 looked much more kindly on TNCs than did the world of 1976. Socialist ideals have been effectively discredited. In the Eastern bloc, communism collapsed under its own contradictions, while more promising social and economic initiatives in Nicaragua and Grenada fell to U.S.-staged counterrevolutions. Further, many developing nations have turned to investment by TNCs as the way out of their debt crisis, and find themselves in no position to challenge the supremacy of stateless nations by supporting regulatory controls.

Thus when the code was sent up to the General Assembly for approval, it was opposed by developing nations and industrialized nations alike. Wealthier nations, particularly the United States, were on principle against any code that would interfere with the free market.

For their part, the stateless nations, working through lobbyists and PR flacks, have staunchly opposed any global regulation. In this instance, they claimed that if the code were to be enacted, the Center on Transnational Corporations would turn into a watchdog commission that would then sanction and monitor the behavior of TNCs, in which case trade would no longer be free.

Indeed, the Center did fulfill one watchdog function for several years. From 1986 to 1991, the Center's environmental unit published a biennial list of drugs and chemicals banned in TNC home countries but not in other countries.

Harris Gleckman, the former chief of the environmental unit, remains "very pleased" with having helped develop "The Consolidated List of Banned and Severely Restricted Chemicals and Pharmaceuticals." He says, "I know of both drugs and pesticides [that have been] pulled off the market because of that list," including some in countries one would not "think of being in the forefront of health and safety," such as the Philippines, Indonesia and South Korea.

Between 1986 and 1992, the U.N. General Assembly voted three times to authorize the secretary general to release the Center's list of banned drugs and chemicals. Each time the authorization was supported by all U.N. members except the United States. The Reagan and Bush administrations voted against making the list public because they viewed it as an attempt to regulate the world market. How the Clinton administration would have voted will never be known, because there is now no list to vote against.

In the Center's place, the U.N. has established the Division on Transnational Corporations and Investment. This branch of the U.N.'s Conference on Trade and Development serves as a sort of chamber of commerce to encourage cooperation between stateless nations and nation-states. The notion that TNCs need to be regulated now seems quaintly dated. Says Gleckman: "When the Center existed, we had at our strength 60 professionals, but you are dealing with multinationals that control about one-third of the annual investment of the world. Sixty people could not do an adequate analysis of this phenomenon, and fewer can do less."

Gleckman is particularly concerned about the fastest growing sector of international trade, intra-firm trade, which is an unchecked development that he believes should be more closely monitored. Intra-firm trade occurs when a transnational company's subsidiaries trade goods among themselves—crossing state borders but remaining within the boundaries of the corporate state. The point is not so much to trade goods as to transfer money, allowing TNCs to take profits in and out of a country with no controls. This can serve as a powerful political weapon, since those who might wish to challenge the power of the stateless nations can find themselves constrained by the threat of capital flight.

And that brings up another part of the free trade equation: workers. While GATT prohibits countries from directly subsidizing industries, the agreement says little about the indirect subsidies that occur through the institutionalization of low-wage labor markets made possible by the suppression of union activity. The Clinton administration does at least view the rights of workers as part of the equation. Frances Williams reports in the London *Financial Times* that earlier this month, Labor Secretary Robert Reich told an International Labor Organization conference that those nations that place restrictions on union organizing should face the threat of sanctions. Reich went on to say that particular attention should be given to those countries where there has been a worsening of the position of low-wage workers and a widening of the gap between rich and poor. Such a situation, he said, would suggest a deliberate suppression of worker rights designed "to serve narrow commercial interests." Reich could have been referring to the United States, but he probably wasn't.

And though the United States may equivocate over human rights and workers' rights when free trade is involved, the administration has shown it can take courageous stands. Reich warned the world that slavery and the employment of very young children would not be tolerated. This is, after all, the New World Order. ◀

THE ADVENTURES OF A HUGE MOUTH by Peter Hannan