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United Nations and Transnational Corporations: a deadly association

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The United Nations is failing in its duty to control the abuses of transnational economic power, argues Alejandro Teitelbaum. The recent report by John Ruggie, special representative of the UN Secretary-General on business and human rights, represents a setback in attempts to establish international control over the activities of transnational corporations.

I. The United Nations Organisation (UN) was created in order to keep the peace and defend human rights and dignity. Some important contributions towards these aims have been made, although the goal that it set itself has never been fully reached.

Over the last decade or so however, with the disruption of the relative balance of international power, the UN has begun to drift in a direction diametrically opposed to its original aims.

We do not wish to address at the moment the role which the Security Council plays in legitimating the imperialist and warmongering policies of the United States and its satellites, for example right now, as they prepare the ground for aggression against Iran.

Instead we want to discuss the way in which various organs of the United Nations system act as instruments of the international economic power embodied in transnational corporations. By this we don't mean the institutions that are specifically concerned with economic power, such as the International Monetary Fund, the World Bank and the World Trade Organisation, but rather other bodies whose responsibilities relate to human, civil, political, economic, social and cultural rights.

II. With the break-up of the bipolar power balance at the beginning of the 1990s, the United Nations began to disband or neutralise those organs which had been attempting to establish some control over the activities of transnational corporations. One such organ was the Commission on Transnational Corporations, created by the Economic and Social Council in 1974. In 1994 the same Economic and Social Council decided that it should be reconstituted as a Commission of the Trade and Development Council of the United Nations Conference on Trade and Development (UNCTAD), taking into account, says the resolution, of the "change of orientation" of the commission. This change consisted of abandoning attempts to establish control over transnational corporations and instead concern itself with the "contribution of transnationals to growth and development".

But the ever-increasing abuses of transnational economic power, committed in the name of the expansion of the "market economy" at the global scale, provoked a reaction in

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public opinion which was also reflected within certain UN bodies.

For example, in 2004, after several years of work, a Working Group of the Sub-Commission for Human Rights finished a project establishing international standards with a view to preventing and eventually penalising activities of transnational corporations that contravene human rights. The project, despite being fairly tame, was vigorously rejected by international organisations representing big business, which demanded its withdrawal.

The overseeing body of the Sub-Commission, the now-defunct Commission on Human Rights, yielded unanimously to the demands of transnational corporations to bury the Sub-Commission's Project. By a vast majority (49 votes out of 53) they also asked the Secretary General of the UN to appoint a special rapporteur to continue addressing the issue of transnational corporations. The United States and Australia voted against, maintaining that in no way should the commission continue dealing with transnational corporations, not even by means of a special rapporteur designated by the Secretary General. South Africa also voted against, and Burkina Faso abstained.

The then Secretary General Kofi Annan nominated his principal advisor in the Global Compact, John Ruggie, as his special representative to study transnational corporations. The Global Compact is the official association linking the UN and large transnational corporations. Ruggie published a preliminary report in 2006 and then in February 2007 presented his second report to the new Human Rights Council.

The Commission's decision and the choice of Ruggie represented one more setback to attempts to establish international control over the activities of transnational corporations.

The close collaboration with transnational corporations is institutionalised within the United Nations via the Global Compact, an alliance between the Secretariat of the UN and large transnational corporations, many of which have long histories of human rights violations and corruption. The ideology which inspired the Global Compact was clearly expressed by the UN Secretary-General in a 1998 report to the General Assembly, entitled "Entrepreneurship and Privatisation for Economic Growth and Sustainable Development". The Secretary-General said in this report that "deregulation... has become the watchword for government reforms in all countries, both developed and developing", and advocated the sale of public corporations entrusting "the ownership and management to investors who have the necessary experience and capacity to improve productivity, even though this would sometimes mean selling assets to foreign buyers".

III. The report that Ruggie recently presented to the Human Rights Council of the United Nations was faithful to the ideology of the Global Compact, with its first paragraph being a profession of faith in the virtues of the market. According to the author, the prerequisites for this are: the right to property (without adding any commentary about the social function of this), the fulfilment of contracts, competition (the rapporteur judiciously abstained from adding the adjective "free" because it is too widely accepted that free competition does not exist in a world dominated by monopolies and oligopolies) and the unhindered circulation of information (also nonexistent as all forms of information are monopolised and controlled by large multinational corporations).

In paragraph 2, Ruggie states that global markets have expanded significantly in recent decades as a result of commercial agreements, bilateral investment treaties and, at a national level, privatisations and "liberalisation". He continues by saying that the rights of transnational corporations have increasingly become enshrined in national legislation and are better defended in obligatory arbitrations before international tribunals, which is undoubtedly true.

The report makes no mention of the disastrous consequences for the world's peoples that accompany such commercial agreements, bilateral treaties, privatisation and liberalisation policies and obligatory international arbitrations, especially for the most economically vulnerable sectors in peripheral countries.

Ruggie continues by stating that "globalisation" has contributed to an impressive reduction in poverty levels in key countries that are emerging into the market economy, and a generally higher standard of living in the industrialised world.

This assessment of the report's author totally contradicts not only the facts and statistics, but also the near unanimous opinion of specialists, who maintain that alongside economic growth social inequality has vastly increased. A tiny minority hoard a great and growing proportion of the fruits of human labour, whilst a good part of the population is not able to meet even its basic needs. This is true not only in peripheral countries, but also in the industrialised world. Even the World Bank, tireless advocate of the disastrous economic policies which dominate the global stage, has recognised that its policies have not managed to reduce the levels of poverty in countries which receive its credits.

Ruggie also forgets that international economic power, as embodied by large multinational corporations, is not content with merely accentuating social inequality and condemning large sectors of the world's population to a life of poverty. The most powerful, in addition to backing coups d'état, aiding dictators and financing paramilitaries and anti-union death squads, play a determining role in political decisions of ruling elites which go contrary to human rights, both at the nation state level and in regional and international organisations.

A serious evaluation of the role of transnational corporations, unlike that undertaken by Ruggie, should take all these aspects of their behaviour into account. It also should not ignore the close relationship that exists between the warmongering, anti-ecological and anti-human policies of the United States (the country where a large part of the biggest transnational corporations are based), and the omnipresence of representatives of the petroleum-military-industrial complex at the highest levels of its government.

It is worth noting that Ruggie's report does not make reference to the heavy influence which transnational corporations have on the United Nations system. Institutionalised via the Global Compact, this is also exerted through private funding of UN programmes, projects, organs and organisations including the United Nations High Commission for Human Rights, which receives two-thirds of its funding from the voluntary donations of nation states and private institutions.

Also absent from Ruggie's report is any mention of the influence that transnational corporations have over some aspects of so-called "civil society", for example over some important non-governmental organisations.

It is therefore hardly surprising that Ruggie concludes his report by adopting the focus "suggested" by the very same transnational corporations, namely that they should not be placed under any obligations by international law. Instead the most appropriate course of action should be to reach agreements between corporations, the United Nations (through the Global Compact) and "civil society" to establish "declarations of good intent", forms of soft law, codes of contact etc., whose implementation is to be controlled by the corporations themselves alongside representatives of "civil society".

Ruggie's report is consistent not only with the now defunct Human Rights Commission, which shelved the Sub-Commission's project to create international standards, but also with the more general orientation of the United Nations towards the serious economic, political and social problems represented by the disproportionate power of large transnational corporations.

The deadly association between the United Nations and transnational corporations is clearly shown in the attitude displayed by the UN to the tragedy which has been ravaging the Democratic Republic of Congo (DRC).

IV. The January 2006 edition of the prestigious British medical Journal The Lancet points out that the ten years of civil war in the Democratic Republic of Congo has cost between 3.5 and 4.5 million lives. That makes it the greatest humanitarian catastrophe since the Second World War.

It is universally recognised that the backdrop to this tragedy is the appropriation of strategic minerals which abound in the Congo: diamonds, gold, columbite-tantalite (coltan), cobalt, etc. It is estimated that the DRC has about 80 per cent of the world's coltan reserves. The special properties of coltan account for its widespread use in the electronics industry, especially in the making of mobile telephones (one billion of which were sold globally in 2006).

Even the Security Council, in its resolution 1493 dated 28 July 2003, declared that it "Condemns categorically the illegal exploitation of the natural resources and other sources of wealth of the Democratic Republic of the Congo and expresses its intention to consider means that could be used to end it."

A report of the Group of Experts to the Security Council Committee for the Democratic Republic of Congo, dated November 2006, analyses in detail the connection between armed groups and the illegal exploitation of natural resources, and refers to a previous report which spoke of "viable and effective measures which the Security Council could impose in order to impede the illegal exploitation of natural resources in order to finance armed groups and militias in the eastern part of the Democratic Republic of Congo".

In its Recommendations Chapter the report states: "No counterpart whose views were solicited by the Group of Experts thought it advisable to sanction the importation of specific commodities originating in the Democratic Republic of the Congo. Objections were raised concerning:

(a) The inability to enforce such sanctions; (b) The risk of increasing the price of the sanctioned commodity and thus rewarding the embargo buster; (c) Probable economic effects, variously described as "serious" or "probably leading to a new civil war"; and (d) The negative repercussion on the nascent investment climate in the country."

UN bodies that deal with the DRC, such as the Group of

Experts created by a decision of the Security Council, are completely partial in their approach to the problem. They refer only to the illegal exploitation of natural resources in order to finance armed groups and mention only certain local companies that are involved in this.

No mention whatsoever is made, however, of large transnational mining companies or the transnational electronics industry that directly or indirectly promote of the current situation, and end users and principal beneficiaries of the minerals that have been extracted from the DRC at the cost of an overwhelming massacre that has already lasted for ten years.

A document produced by the NGO Human Rights Watch points out the involvement of AngloGold Ashanti, a corporation headquartered in South Africa and Metalor, a Swedish firm. It fails to note, however, that AngloGold Ashanti is linked to Anglo-American, with head offices in Johannesburg and London, and to Barrick Gold Corporation, whose head office is in Canada. Anglo-American control around 45 per cent of the shares of DeBeers, the company which has a near monopoly over the global diamond industry. Amongst the mining companies associated with Barrick Gold is Adastra Mining, which has bought a diamond concession along the Congo-Angola border from Belgian mercenary firm International Defense and Security (1998). They are also currently developing cobalt and copper concessions in the Congolese province of Katanga (Shaba). Adastra is a member of the Corporate Council on Africa (a body made up of large companies operating in Africa) together with Goodworks, Halliburton, Chevron-Texaco, Northrop, Grumman, GE, Boeing, Raytheon and Bechtel, etc.

Major consumers of the coltan mined in the DRC are, amongst others: Sony, Microsoft, Hewlett-Packard, IBM, Nokia, Intel Lucent, Motorola, Ericsson, Siemens, Hitachi, IBM, etc.

One of the leaders of Anglo-American, the mining transnational involved in the Congolese drama, is Sir Mark Moody-Stuart. He is at the same time a notable member of the Global Compact.

It is therefore hardly surprising that in the Recommendations of the Group of Experts, the opinion of these "counterparts" is reflected, who consider it inadvisable to impose sanctions on the importation of these minerals because it could cause a price increase that could have negative repercussions for the "emergent investment environment of the country".

The group also says: "The Group's consultations with a broad range of stakeholders suggest that these problems are best addressed by promoting law-abiding industries and responsible Government oversight."

The United Nations and large transnational corporations have the same priorities in the DRC: continuing exports of strategic minerals at low prices, to not discourage potential investors, and to attempt to create a legal framework for the plunder of the natural resources of the DRC by transnational corporations in the name of promoting law-abiding industries and responsible Government oversight. Meanwhile the human rights of the Congolese people, including the basic right to life, will have to wait until brighter times.

Translation by Kate Wilson

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