Business: multinats in the news

by Roger Woodham

A COMMISSION on Multinational Corporations is called for in a recent report to the Economic and Social Council of the United Nations (UN) by a "group of eminent persons". The group was set up by the council to study the "impact of multinational corporations on development and on international relations", and during its deliberations it questioned some 46 witnesses including Mr. Ralph Nader, Mr Altiero Spinelli (a member of the Commission of the European Communities) and Sir Val Duncan (Chairman of Rio Tinto Zinc).

The report makes it clear that the primary responsibility for the behaviour of multinationals rests with individual governments, which should be backed up by action at the international level to promote cooperation and harmonisation. The commission, the group envisages, will be made up of experts acting in their individual capacities and assisted by an information and research centre within the UN Secretariat. Some sort of general international agreement is the eventual goal (perhaps something like the General Agreement on Tariffs and Trade, GATT).

Particular concern is shown in the report about the effects of multinationals on developing countries, in many of which there is "widespread concern over foreign control of key sectors of the economy". The group thinks that host countries should clearly define the areas in which they are ready to accept foreign investment and that developing countries, especially, should be encouraged to retain ownership of their natural resources or control of the use of them. More joint ventures between multinationals and individual governments may be the answer, with capital being made available by international financial institutions.

On the technological side, the report reiterates what others have said before, namely that the most up-to-date technology is not necessarily the most appropriate for a developing country. One of the group's suggestions is that host countries set up centralised negotiating machinery to deal with all aspects of proposals for foreign investment, the nature of the technology included.

The group thinks that the matter of multinational corporations needs to be discussed at least once a year by the Economic and Social Council. And in something of an understatement the report declares that "their activities are not *per se* geared to the goals of development".

● Hoechst UK, British subsidiary of the German chemical giant Farbwerke Hoechst, formally opened its new pharmaceutical laboratories at Milton Keynes last week. With a budget of £1 million a year the new laboratories are the latest in a series that Hoechst has been setting up throughout the world in the past six years—the others are in the United States, Japan and India. The emphasis at Milton Keynes is, however, to be on development and the eventual full complement of 150 scientists will work on diagnostics and the development of possible new drugs rather than search for new chemical entities.

Hoechst has become particularly sensitive to the strong feelings that surround the use of animals for testing drugs because on two occasions last year a group calling itself the Band of Mercy attempted to burn down the laboratories as they were nearing completion. It failed, but the conspicuous presence of uniformed gentlemen from a private security company and the neatly rolled fire hoses near hydrants showed that the company is taking no further chances. Dr J. Coombes, head of Hoechst pharmaceutical research in Britain, made a special point of saying that "we would, of course, prefer to avoid the use of animals, with all their disadvantages, and we try to do this wherever we can, but in most cases it is just impossible." Safety tests on animals are required by law under the Medicines Act, he added.

New Hoechst laboratories

First aid for the Aral Sea

from our Soviet Correspondent

UNTIL the grand, often publicised schemes for diverting the North Siberian Rivers Ob' and Yenesei so that instead of discharging into the Arctic they will irrigate the steppes of Central Asia, can at last be brought into effect, first aid measures are needed to save the Aral Sea.

This small inland sea, fed by the waters of the Amu-Darya and Syr-Darya was first hydrographically surveyed by a military expedition in 1848–9 (as part of the drive towards India), and has in the subsequent century and a quarter fallen some 3 m in level, because of the use of the rivers for irrigation.

The Aral basin contains more than half of the irrigated lands of the Soviet Union, 90% of the cotton crop, 40% of the rice and considerable quantities of fruit and vegetables. It is not, however, a lack of water in absolute terms that is the trouble, but a piecemeal use of what there is. During the spring floods the irrigated settlements are in considerable danger from flooding, and the only remedy at present is to divert the floodwaters to go to waste in the deserts.

The solution proposed is simple—a system of 13 dams to be built on the two rivers to contain the floodwater, distributing it for irrigation as required with the remainder being discharged into the sea. The surplus irrigation water will be collected and reused for irrigation and for leaching salts out of the soil, a method already in use in many of the Soviet Central Asian cotton farms.

The methods seem standard enough, but the publicity given to it and to its initiator, a certain Konstantin Rakitin (meriting a page and a half of a Novosti press release), would suggest perhaps that the prospect of a spectacular future solution—the diversion of the great Siberian rivers—has until now led to a neglect of the necessity for short term conventional measures.