MANAGEMENT OF POLITICAL RISKS AND UNCERTAINTY BY INDIAN ZAMBIAN ENTREPRENEURS, 1945 – 2019´

20 weeks thesis submitted in partial fulfillment of the MA in Global Markets, Local Creativities (GLOCAL) joint degree program for the University of Glasgow, University of Barcelona, University of Rotterdam, and University of Gottingen

Master Thesis

Author:

Tutor:

Academic year: XX.XX.XXXX

Keeping Corporations in Check:
An Analysis of International Organizations' Efforts
to Regulate Multinational Corporations, 1970-1990s.

20 week thesis as part of the Erasmus Mundus Master
Global Markets, Local Creativities

Submitted by:

Bridget Leigh Bofinger
E-Mail: bridget.bofinger@stud.uni-goettingen.de
Erasmus Mundus Master:
Global Markets, Local Creativities (GLOCAL)
4. Fachsemester
Matrikelnummer (student ID): 16432293

Advisors:

1st: Alexander Engel (Göttingen)
2nd: Jayita Sarkar (Glasgow)
3rd: Paloma Fernández Pérez (Barcelona)

Table of Contents

Keeping Corporations in Check:
An Analysis of International Organizations' Efforts
to Regulate Multinational Corporations, 1970-1990s.

Bridget Bofinger
International Joint Master's Degree in Global Markets, Local Creativities

Abstract

This thesis is a comparative and historical study that analyzes the efforts to regulate multinational corporations (MNC) by three major intergovernmental organizations: United Nations, International Labour Organization, and Organization for Economic Cooperation and Development. Starting in the 1970s, these three organizations attempted to create universal codes of conduct to minimize the negative consequences of MNCs. Although these attempted codes had the same overarching goals and were developed at the same time, the outcomes widely varied between the three attempts. This paper argues that the universal codes of conduct created in the 1970s were primarily tools to build legitimacy, trust and reputation for the developed country governments and intergovernmental organizations, rather than an actual attempt at regulating, controlling, or reducing the negative consequences of MNCs. Although the organizations stated that their intention is to regulate MNCs, they are driven by the desire and need to stay legitimate in international governance and build reputation. The nuances within each code showcase this underlying motivation. As the codes were being adopted (or abandoned), the organizations spent a significant amount of time on the promotion and follow-up of these codes, so that the codes, and thus the organizations themselves, would keep relevance and continue to build reputation. As the economic and political need to regulate MNCs started declining, the codes lost influence and priority within the IOs. Thus, the results of these codes are very mixed and have had very little success at tangibly regulating MNCs.

Word count: 23,647

Abbreviations

BIAC: Business and Industry Advisory Committee to the OECD

ECOSOC: Economic and Social Council of the United Nations

GATT: General Agreement on Tariffs and Trade

ICFTU: International Confederation of Free Trade Unions

ILO: International Labour Organization

ILO Declaration: Tripartite Declaration of Principles on Multinational Enterprises and Social Policy

IME: Committee on International Investment and Multinational Enterprises of the OECD

IMF: International Monetary Fund

IO: Intergovernmental Organization

IRM: Institute for Research and Information on Multinationals

IWG: Intergovernmental Working Group to the UN Code of Conduct on Transnational Corporations

LDC: Least Developed Countries

MNC: Multinational Corporation

MNE: Multinational Enterprise

NIEO: New International Economic Order of the UN

OECD: Organization for Economic Coordination and Development

OECD Guidelines: OECD Guidelines for Multinational Enterprises

OPEC: Organization of the Petroleum Exporting Countries

TNC: Transnational Corporation

TNE: Transnational Enterprise

TUAC: The Trade Union Advisory Committee to the OECD

UN: United Nations

UNCTC: UN Centre on Transnational Corporations

UN Code: UN Code of Conduct for Transnational Corporations

List of Figures

1. Introduction

In 2003, Gabel and Bruner revealed a shocking fact: "Of the 100 largest economies in the world, 53 are corporations" as stated in their book, *Global Inc.: An Atlas of the Multinational Corporation*. In 2018, that number has jumped to 69 of the top 100 economies are corporations, not countries.[1] This trend is on the rise without an end in sight. Multinational Corporations (MNCs) are becoming larger, wealthier, and more powerful every year. But as Voltaire reminds us, 'with great power comes great responsibility', which begs the question, who holds these MNCs responsible, and how? If these companies are larger and more powerful than most countries and governments, how are they regulated and governed to ensure they are acting responsibly in all countries in which they function? Obviously, these questions have deeply complex and incomplete answers, with countless different perspectives and angles.

However, these questions are not new, in fact intergovernmental organizations (IO) have been tackling and studying these questions since the 1970s. Three major intergovernmental organizations: the United Nations (UN), the International Labour Organizations (ILO) and the Organization for Economic Coordination and Development (OECD) started the first large-scale global studies in the early 1970s, focusing on the role and impact of MNCs, especially in international affairs, human rights, labor issues and economic development. These studies, although a clear conclusion was not easy to find, led to the efforts of these three organizations to create universal codes of conduct as a means to regulate MNCs and minimize the negative consequences of these corporations. In 1974, the UN decided to create an independent body with the main charter to develop a global "Code of Conduct on Transnational Corporations". Unfortunately, this code was eventually abandoned in 1992[2]. The OECD and ILO announced the guidelines for MNCs in 1976 and 1977 respectively, which both still exist today, however their success and impact is heavily questioned[3].

The themes of corporate responsibility and global governance have been on the rise, given the ever-increasing power and size of present-day MNCs, however to what degree did these universal codes of conduct keep corporations in check? What other forces, motivations, and interests were at play in international organizations' efforts to regulate MNCs? The 1970s provide rich information and insights due to the fascinating geo-political, economic, and social

---

[1] "69 of the Richest 100 Entities on the Planet Are Corporations, Not Governments, Figures Show," Global Justice Now, accessed April 16, 2023.

[2] Mia Mahmudur Rahim, ed., *Code of Conduct on Transnational Corporations: Challenges and Opportunities*, CSR, Sustainability, Ethics & Governance (Cham: Springer International Publishing, 2019), p. 7.

[3] Rahim, *Code of Conduct on Transnational Corporations*; Surya Deva, "Regulating Corporate Human Rights Violations : Humanizing Business," Routledge Research in Human Rights Law (London [u.a.]: Routledge, 2011).

trends during the decade. This context drove the creation of early global guidelines for MNCs, the first attempts at regulating MNCs at a global scale. There are many parallels that can be drawn between present day trends and those in the 1970s, especially in the rising interest in corporate responsibility and skepticism in the positive impact of MNCs. The lessons that can be drawn from the attempts to regulate MNCs in 1970s can be enormously valuable as MNCs continue to grow in strength, size, and power today.

1.1 Research Question and Objectives

The research is inspired by the potential opportunity to uncover important lessons in the dynamics and relationships between IOs, States, and MNCs, which can be applied to today's economic, political, and social situation. Therefore, this research will perform a deep-dive historical analysis and comparative study into the three early global codes of conduct:

- UN - Code of Conduct of Transnational Corporations (UN Code)
- ILO - Tripartite Declaration of Principles on Multinational Enterprises and Social Policy (ILO Declaration)
- OECD - Guidelines for Multinational Enterprises (OECD Guidelines)

All three codes were created within the same decade and with the same high-level goal to preserve human rights by regulating MNCs. However, the differences between these codes, especially in the way they were developed, announced, and implemented, are significant. The power dynamics and stakeholder interests that influenced these codes are an important element to analyze, which has largely been ignored in past research. Therefore, this research will seek to explore the questions:

- *How and why did intergovernmental organizations attempt to regulate MNCs in the 1970s and how can the various outcomes of these efforts be explained?*

The research will take a historical approach and a political economic perspective in its analysis. The research has three objectives:

- *Aim 1:* Understand the three universal codes in context of the environment and society in which they were created.
- *Aim 2:* Analyze the power dynamics at play in the development and adoption of these universal codes and how they are reflected in the outcomes of each code.
- *Aim 3:* Critically analyze the motivation and influences of these codes, with focus on how they were used and who they benefitted.

This paper argues that the universal codes of conduct created in the 1970s were primarily tools to build legitimacy, trust and reputation for the developed country governments and

6

intergovernmental organizations, rather than an actual attempt at regulating, controlling, or reducing the negative consequences of MNCs. Although the organizations stated that their intention is to regulate MNCs, they are driven by the desire and need to stay legitimate in international governance and build reputation. The nuances within each code showcase this underlying motivation. As the codes were being adopted (or abandoned), the organizations spent a significant amount of time on the promotion and follow-up of these codes, so that the codes, and thus the organizations themselves, would keep relevance and continue to build reputation. In addition, as the economic and political need to regulate MNCs started declining, the codes lost influence and priority within the IOs. Thus, the results of these codes are very mixed and have had very little success at tangibly regulating MNCs.

1.2 Methodology and Structure

This thesis applies a comparative analysis methodology analyzing the three global corporate codes for transnational organizations. The elements that are being compared are divided into three separate categories: Development of code, Features of code, Outcome of code.

Development of code refers to the creation of the code, it analyzes how and why the code was developed. This category analyzes the key stakeholders and actors that were involved in creating the code, the motivations behind writing the code and the additional influences and pressures, i.e. the economic or geo-political elements that were involved in the creation of the code. In this category, the primary sources being used are from the UN, ILO, and OECD archives. Minutes of meetings, memos, letters, working papers, and additional documentation will provide insights into this category. In addition, secondary academic sources focused on the history of global corporate codes and development will provide additional light within this section.

Features of code refers to the code itself. This category seeks to understand the audiences of the code, how the code was written, and the topics/themes within the code. Additionally, the language and tone of the codes will be viewed and compared. In this section, the archived versions of the codes were accessed and evaluated. The best effort was made to find the earliest version of the code possible. Due to access and availability in the archives, it was impossible to locate the early drafts of the UN Code, because it never was publicly announced or implemented, however there was a draft from 1982 which was used. For the ILO Declaration and OECD Guidelines, the first publicly announced version of the code was analyzed.

Finally, the outcomes category will explore the aftermath of the code. It will feature an analysis of the promotion and follow-up activities for each code, as well as an exploration of the cases or interpretations that occurred following the adoption of the codes. In addition, the years leading up to the abandonment of the UN Code will be recounted. For this section, primary sources of newspapers, press releases, media articles will be consulted as well as IO archival documents of memos, letters and reports, and secondary academic sources.

Thus, the thesis is structured as follows: Chapter 2 will discuss the literature review and theoretical frameworks that are pertinent to the research. Chapter 3 will showcase the historical context leading up to the creation of these codes. Chapter 4 will analyze the development of codes, which provide a historical background of each of the three codes providing specific information about the context, development, and motivation of the organizations. Chapter 5 will analyze the features of the codes and language of each code. Chapter 6 explores the outcomes of the codes, the effects and results after the codes were published. Finally, Chapter 7 will offer concluding remarks and connect findings to larger academic discussions.

1.3 Definitions and Terms

There are many terms which will be used throughout this thesis, which require further explanation. First, the definition of *'multinational corporation'* is notoriously difficult to pinpoint and is defined differently in the different codes being analyzed. For the purposes of this paper, I will default to the definition by Mira Wilkins, "A multinational enterprise (MNE) is a firm that extends itself over borders to do business outside its headquarters country. It operates across political boundaries"[4]. In my analysis, I will default to using the terms 'multinational corporation', 'transnational corporation', 'multinational enterprise', and 'transnational enterprise' interchangeably. When there are differences in these definitions or terms in the contexts of specific codes, this will be highlighted within the relevant sections of the thesis. I use the term "intergovernmental organization" or "IO" to refer to "an entity created by treaty, involving two or more nations, to work in good faith, on issues of common interest"[5]. The UN, OECD, and ILO are intergovernmental organizations.

For 'codes of conduct', the definition by Benedict Sheehy will be used: "Codes are an organised collection of norms used to communicate behavioral norms which are accepted or

---

[4] Mira Wilkins, "Multinational Enterprise to 1930: Discontinuities and Continuities," in *Leviathans*, ed. Alfred D. Chandler and Bruce Mazlish, 1st ed. (Cambridge University Press, 2005), p. 45.
[5] "Intergovernmental Organizations (IGOs)," Harvard Law School, accessed August 5, 2023, https://hls.harvard.edu/bernard-koteen-office-of-public-interest-advising/about-opia/what-is-public-interest-law/public-service-practice-settings/international-public-interest-law-practice-setting/intergovernmental-organizations-igos/.

rejected within a specific institutional context."[6] I will be using 'UN Code', 'ILO Declaration', and 'OECD Guidelines' as a short-hand form of their full official names. To refer to all of them collectively, I will refer to them as 'codes'.

[6] Benedict Sheehy, "TNC Code of Conduct or CSR? A Regulatory Systems Perspective," in *Code of Conduct on Transnational Corporations: Challenges and Opportunities*, ed. Mia Mahmudur Rahim, CSR, Sustainability, Ethics & Governance (Cham: Springer International Publishing, 2019).

2. Theoretical Framework and Literature Review

This chapter outlines the theories, concepts and literature that inspired this thesis and offers a foundation to answer the research question. The theories provide reasonings behind the specific elements chosen to be analyzed throughout the research and the literature review focuses on the academic discussion of international and global codes of conduct, which provide guidance for MNCs and directly relates to my comparative study.

2.1 Theoretical Framework

The primary theory that will be further explored through the research of this thesis is the *theory of global governance and legitimacy*. Globalization, and the expansive growth of MNCs, has led to a need for global governance, or rules and regulatory institutions that apply across national borders and at a world scale[7]. Intergovernmental organizations, like the UN, OECD, and ILO, have been given more authority in recent decades by nation-states in order to provide these regulations at a larger scale[8]. However, there must be a level of societal acceptance and legitimacy of these organizations for relevant parties to follow their guidelines and political orders[9]. Currently, this legitimacy is believed to be relatively weak within IOs, meaning their basic right to govern globally is questioned and accepted at different levels by the many actors that are affected by their policies and guidelines[10]. Legitimation and delegitimation are the processes that reinforce or challenge the fact that IO's policies are appropriate, relevant and should be followed[11].

There are many characteristics and methods in which IOs are regarded as, or become, more legitimate or less. The level of complexity here should not be undermined, as there are various arguments among scholars. Scholars have taken either a normative or sociological approach to understanding legitimacy in IOs. A normative approach points to an organization's conformity to an existing and set standard, such as democracy, justice, and other philosophical

---

[7] Jan Aart Scholte, "Towards Greater Legitimacy in Global Governance," *Review of International Political Economy* 18, no. 1 (February 7, 2011): 110–20.

[8] Jonas Tallberg and Michael Zürn, "The Legitimacy and Legitimation of International Organizations: Introduction and Framework," *The Review of International Organizations* 14, no. 4 (December 2019): 581–606.

[9] Michael Zürn, *A Theory of Global Governance*, vol. 1 (Oxford University Press, 2018).

[10] Allen Buchanan and Robert O. Keohane, "The Legitimacy of Global Governance Institutions," *Ethics & International Affairs* 20, no. 4 (December 1, 2006): 405–38.

[11] Magdalena Bexell, Kristina Jönsson, and Anders Uhlin, "Introduction: The Comparative Study of (De)Legitimation Processes in Global Governance," in *Legitimation and Delegitimation in Global Governance: Practices, Justifications, and Audiences*, ed. Magdalena Bexell, Kristina Jönsson, and Anders Uhlin (Oxford University Press, 2022), p. 0.

values, which gives it legitimacy and the right to rule[12]. Whereas sociological approach examines an organizations' legitimacy as a reflection of the beliefs and perceptions of specific audiences[13]. In addition, some authors pinpoint the historical institutions and path dependencies of the IOs which play a key role in the underpinnings of the performance levels of policies and regulations[14]. Legitimation can come directly from the citizens, companies, or other actors that the high-level regulations affect, given that they are ultimately the actors that are expected to follow the policies[15]. This creates certain chains, feedback loops, reactive sequences, or cycles in which the audiences react to the authority causing legitimation or delegitimation, which in turn creates a reaction pattern of the authority to strengthen their own legitimacy[16]. This rule of thought implies that the more legitimate the organization and the regulations are, the better the outcomes of new regulations will be. The sources of legitimacy, or specific methods, concepts, and processes that improve legitimacy within an IO, are also debated and varied across this academic field. To simplify for the context of this thesis, the primary institutional sources of legitimacy as discussed by Tallberg and Zürn, are the authority of the IOs, the procedures through which the IOs develop regulations, and the performance of the IO as perceived by the key actors and stakeholders[17].

Global governance and legitimacy are growing fields of research and naturally there is contention in academic literature about how and why legitimacy in these international organizations develop. As a growing academic field there is great potential to contribute to these conversations and research using this lens. Therefore, in chapters 4 and 6, I have chosen to focus specifically on the elements highlighted in current global governance and legitimacy research, such as key actors and stakeholders, motivation and justifications, and processes. I will look at these elements with specific regard to the extent to which they legitimize or

---

[12]See: Robert O. Keohane, "The Contingent Legitimacy of Multilateralism," ed. Edward Newman, *Multilateralism under Challenge? : Power, International Order and Structural Change* (Tokyo [u.a.]: United Nations Univ. Press, 2006), p. 57; Buchanan and Keohane, "The Legitimacy of Global Governance Institutions"; Thomas Christiano, "Democratic Legitimacy and International Institutions," ed. Samantha Besson and John Tasioulas, *The Philosophy of International Law* (Oxford [u.a.]: Oxford University Press, 2010).

[13] See: Magdalena Bexell, "Global Governance, Legitimacy and (De)Legitimation," *Globalizations* 11, no. 3 (May 4, 2014): 289–99; Bexell, Jönsson, and Uhlin, "Introduction: The Comparative Study of (De)Legitimation Processes in Global Governance"; Zürn, *A Theory of Global Governance*; Scholte, "Towards Greater Legitimacy in Global Governance"; Jonas Tallberg et al., eds., "Introduction: Legitimacy in Global Governance," in *Legitimacy in Global Governance: Sources, Processes, and Consequences* (Oxford University Press, 2018), 0; Tallberg and Zürn, "The Legitimacy and Legitimation of International Organizations."

[14] Zürn, *A Theory of Global Governance*.

[15] Christian von Haldenwang, "The Relevance of Legitimation – a New Framework for Analysis," *Contemporary Politics* 23, no. 3 (July 3, 2017): 269–86.

[16] Zürn, *A Theory of Global Governance*; von Haldenwang, "The Relevance of Legitimation – a New Framework for Analysis."

[17] Tallberg and Zürn, "The Legitimacy and Legitimation of International Organizations," p. 591.

delegitimize the codes themselves as international orders and the holistic organizations, in order to develop a deeper understanding of why and how the outcomes of these codes differ.

A few items need to be highlighted at this point. The theory of global governance has primarily been used in the context of international policies and laws, and one could argue that codes of conduct fall out of this scope due to their voluntary nature. However, contrarily I argue that the voluntary codes of conduct are a set of policies with a goal of global governance in which to regulate certain entities, i.e. MNCs, across borders. The fact that these guidelines are voluntary provides an important additional element, the lack of enforcement, to evaluate and explore its effects of these codes. In addition, the modern structure of global governance is argued to have started in the 1990s, however the path dependencies of both state governments and the intergovernmental organizations play a vital role in the current global governance structure[18], therefore it is important to look at the occurrences of the codes of conduct created in the 1970s within this lens to gain a deeper understanding of the past and current influences of global governance.

Although the global governance and legitimacy theory will be the primary foundational framework of this thesis, I will also be using the theory of discourse as a framework when analyzing the language and tone of the codes themselves in Chapter 5. I will primarily use Gee's theory, which discusses that language creates meaning only in the context of social practices that it enacts[19]. In other words, when analyzing language and tone it is imperative to understand the application and point of the message and place it in context with spatial, temporal and societal environments in which it exists. Therefore, I will analyze the language, structure and tone of the codes in relation to the motivation and application behind the code. Connecting what is written within the codes with the external environments in which the codes were created will link the individual codes with the historical context, which will provide deeper insights into the differences between outcomes for each code. These theoretical frameworks provide the foundation of and reasons behind the specific elements which will be analyzed in the following chapters.

2.2 Literature Review

This paper attempts to capture the dynamics of the development and outcomes of major global codes of conduct. In this section, I review the literature on codes of conduct, with specific attention on global codes and the regulation of MNCs, in respect to social policy and human

---

[18] Zürn, *A Theory of Global Governance*.

[19] James Paul Gee, *An Introduction to Discourse Analysis: Theory and Method*. London, UNITED KINGDOM: Taylor & Francis Group, 2014.

rights. Generally speaking, codes of conduct research falls under a sub-section of business ethics research and it is typically approached from a qualitative research perspective. Not as common, yet still relevant, global codes of conduct are also a topic in international law and economic regulation research.

From a theoretical perspective, there are a few frameworks and theoretical models developed to explain various elements of global business ethics and codes of conduct. Laczniak and Kennedy aggregated normative principles that should be an expectations for business circumstances. These normative principles are labeled as "Three Hyper Norms": Stakeholder theory, Comprehensive Sustainability and Authentic Compliance, which should be assumed as the foundation of MNC behavior and should shape a company's actions[20]. Stajkovic and Lutans developed a social cognitive model that suggests the national culture is in the center of business ethics and shapes institutional, organizational, and personal factors[21]. This model further explains how ethical conduct standards can be developed and how they affect ethical conduct. Desai and Rittenburg have a framework for ethics of MNCs which maps the forces that affect ethical conduct, and they recognize universal codes of conduct as a primary macro level force on MNC ethical behavior[22]. There is also a specific model for quantitatively and qualitatively comparing codes of conduct, in which Kolk and Tulder analyzes issues, focus, measure, specificity and compliance of the codes, classifying each section on either a quantitative or qualitative scale, based on criterion[23]. Although these frameworks do not specifically relate to my methodology and framework for this study, they do provide important elements that have been considered when building the scope and purpose of the study. The additional literature reviewed provides more specific empirical evidence from various perspectives regarding individual aspects of codes of conduct.

Regarding definitions and types of codes of conduct, at a high level, many researchers agree that there are two general categories of codes, those that are adopted by non-profit actors meant to guide or regulate corporate behavior (i.e. global/universal codes) and those that are developed by a company or industry groups to influence the actors directly involved in company operations (i.e. company codes)[24]. Preuss developed a typology of codes on an x/y

---

[20] Gene R. Laczniak and Ann-Marie Kennedy, "Hyper Norms: Searching for a Global Code of Conduct," *Journal of Macromarketing* 31, no. 3 (September 1, 2011): 245–56.
[21] Alexander D. Stajkovic and Fred Luthans, "Business Ethics across Cultures: A Social Cognitive Model," *Journal of World Business* 32, no. 1 (March 22, 1997): 17–17.
[22] Ashay B. Desai and Terri Rittenburg, "Global Ethics: An Integrative Framework for MNEs," *Journal of Business Ethics* 16, no. 8 (1997): 791–800.
[23] Ans Kolk and Rob van Tulder, "Setting New Global Rules? TNCs and Codes of Conduct," *Transnational Corporations* 14, no. 3 (December 1, 2005): 1–28.
[24] See: Kolk and Tulder.

axis, based on organizational level and breadth of stipulations[25], as shown in Figure 01. For the context of this research, I will focus on what Preuss calls 'global codes', as the OECD, ILO, and UN codes fall under this category. Although there is a wide field of research on corporate and company codes, the remaining literature review will be centered on research specific to global codes and international regulation of MNCs.

There is a stream of research analyzing the purpose and nature of global codes of conduct and many researchers point to codes of conduct as tools for human rights[26], MNC regulation[27] and corporate social responsibility[28]. These universal codes of conduct are often created to fill the regulatory gap that individual state governments cannot, which is an explanation why they resemble a set of legal norms[29]. An additional suggestion states that universal codes of conduct are a manifestation of globalization, yet also as a response to it, especially those created in the 1970s[30]. An additional opinion, by Sethi, suggests that the purpose of the codes is to build trust in MNCs, quelling public concerns and to allow for actions to be taken without restricting management or imposing regulatory oversight or burdens[31]. These views suggest that the MNC is the central piece of the puzzle regarding universal codes of conduct and the primary purpose is for the MNC, without exploring the purposes and potential benefits of any outside actors and stakeholders.

Enforcement, implementation and effectiveness is an additional area of research regarding codes of conduct. There is a resounding conclusion here that codes of conduct have limited success in regulation[32], and many researchers point to the voluntary nature, and thus

---

[25] Lutz Preuss, "Codes of Conduct in Organisational Context: From Cascade to Lattice-Work of Codes," *Journal of Business Ethics* 94, no. 4 (2010): 471–87.

[26] See: Tom Campbell, "A Human Rights Approach to Developing Voluntary Codes of Conduct for Multinational Corporations," *Business Ethics Quarterly* 16, no. 2 (2006): 255–69; and Surya Deva, "Regulating Corporate Human Rights Violations : Humanizing Business," Routledge Research in Human Rights Law London [u.a.]: Routledge, (2011).

[27] S. Prakash Sethi, "Self-Regulation through Voluntary Codes of Conduct," in *Globalization and Self-Regulation: The Crucial Role That Corporate Codes of Conduct Play in Global Business*, ed. S. Prakash Sethi. New York: Palgrave Macmillan US, (2011), 3–14.

[28] Mia Mahmudur Rahim, *Legal Regulation of Corporate Social Responsibility*, CSR, Sustainability, Ethics & Governance (Berlin, Heidelberg: Springer, 2013).

[29] Campbell, "A Human Rights Approach to Developing Voluntary Codes of Conduct for Multinational Corporations."

[30] Ruth Pearson et al., *Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy* London, UNITED KINGDOM: Taylor & Francis Group, (2002).

[31] Sethi, "Self-Regulation through Voluntary Codes of Conduct."

[32] See: Rahim, *Legal Regulation of Corporate Social Responsibility*; Mia Mahmudur Rahim, ed., *Code of Conduct on Transnational Corporations: Challenges and Opportunities*, CSR, Sustainability, Ethics & Governance (Cham: Springer International Publishing, 2019); S. Prakash Sethi, "Setting Global Standards : Guidelines for Creating Codes of Conduct in Multinational Corporations" (Hoboken, NJ: Wiley, 2003); Deva, "Regulating Corporate Human Rights Violations : Humanizing Business.".

the lack of enforcement, as the primary reason[33]. Cavanaugh shows that firms which do not participate in the creation or adoption of the voluntary code does not have the motivation to follow the guidelines and participate in cooperative action[34]. Sethi and Campbell suggest 'external monitoring', or mechanisms to ensure compliance provided by external entities, as a potential solution to the lack of enforcement issue[35]. Sethi also highlights that "corporations operate abroad to make money" and that, in order for codes to be effective, they must be economically viable, improve productivity, and address issues of concern to constituencies[36]. In addition, Louis finds that there is not a single binding framework for regulating MNCs, nor a group of MNCs which could shape it in a consistent way, and suggests that the collective action, stakeholders, and variety of interests should be considered when developing and analyzing effective international regulations[37]. The lack of enforcement and the inclusion of MNCs and stakeholders in decision-making are the main trends among this topic, which is relevant and important for the context of this paper, however there are additional questions about why there is a lack of enforcement and why MNCs are often not included in decision making, which will be further explored through this paper.

Additionally, there are existing studies taking a historical perspective to, and even directly comparing, the same universal codes that I have looked at in this study. Hajduk provides a closely related study, in which he analyzes the historical origins of corporate responsibility, relating these 3 global codes to today's efforts in corporate social responsibility[38]. He does take a look at the dynamics of the historical context/development of these codes and looks at the aftermath, he discusses a term "the multinational dilemma", which he pulls from a 1973 report from the UN Department of Economic and Social Affairs. The multinational dilemma is the dilemma that the governments face with MNCs, where on one hand corporations can increase income, exports, technology, employment, yet on the other hand

---

[33] Campbell, "A Human Rights Approach to Developing Voluntary Codes of Conduct for Multinational Corporations"; Sethi, "Self-Regulation through Voluntary Codes of Conduct."

[34] Gerald F. Cavanagh, "Global Business Ethics: Regulation, Code, or Self-Restraint," *Business Ethics Quarterly* 14, no. 4 (2004): 625–42.

[35] Sethi, "Self-Regulation through Voluntary Codes of Conduct"; Campbell, "A Human Rights Approach to Developing Voluntary Codes of Conduct for Multinational Corporations."

[36] Sethi, "Setting Global Standards : Guidelines for Creating Codes of Conduct in Multinational Corporations," 201–2.

[37] Marieke Louis, "The Social Diplomacy of Multinational Corporations," in *La Vie Des Idées*, ed. Christian Chavagneux, trans. Kate McNaughton, 2018, https://laviedesidees.fr/Le-pouvoir-des-multinationales.

[38] Thomas Hajduk, "A code to bind them all: The multinational dilemma and the endeavour for an international code of conduct" in *Multinationale Unternehmen und Institutionen im Wandel - Herausforderungen für Wirtschaft, Recht und Gesellschaft*. ed Sandra Brändli, Roman Schister and Aurelia Tamò (Bern: Stämpfli, 2013). 311-339.

the corporations can undermine host-country policies and priorities[39]. Sagafi-nejad et al. provides a historical recount of the UN efforts on regulating MNCs, indeed focusing a large part of his book on the UN Code and takes a perspective of tracking the relationship between UN and corporations. Pearson et al and Radin refer to these universal codes by providing case-studies analyzing trends of effective methods of code development and implementation. Rahim and Sethi provides a high-level description of many global initiatives for universal codes of conduct or ethical guidelines, describing the background, scope and outcome of each code[40]. The findings of Pearson et al, Radin, Sethi and Rahim have already been incorporated in the paragraphs above. Payne et al provides a comparison of four universal codes, including OECD Guidelines, ILO Declaration, and UN Code, and analyzes the topic and audience of each code finding that that an international, comprehensive, and cohesive universal code is needed in our society today[41]. Lastly, Getz compares these universal codes to determine the ethical bases of the behaviors they prescribe for multinational enterprises[42]. In this study, he conducted a deep analysis of text and content for each of the codes and concluded that there are enough similarities among the universal codes which suggests that there are foundational behaviors and actions for which MNEs should be held accountable.

As suggested through this sub-section, the literature is quite broad regarding ethical guidelines and codes of conduct for MNCs, even in terms of universal codes. However, there is a gap in research in drawing connections between the power dynamics of development processes, historical context and motivations affecting the major global codes of conduct. Many of these studies focus on universal codes of conduct only in relation to their effect on MNCs. A direct comparison between these three codes exploring the context and analysis of how, not only MNCS, but also *other entities*, affect or were affected by these codes does not currently exist. This research aims to open the field of vision that previous studies have already created by incorporating elements of historical context, development processes and power dynamics into our understanding of universal codes of conduct.

---

[39] Thomas Hajduk, "An 'Instrument of Moral Persuasion'Multinational Enterprises and International Codes of Conduct in the 1970s," in *Code of Conduct on Transnational Corporations: Challenges and Opportunities*, ed. Mia Mahmudur Rahim, CSR, Sustainability, Ethics & Governance. Cham: Springer International Publishing, (2019).

[40] Rahim, *Code of Conduct on Transnational Corporations*.

[41] Dinah Payne, Cecily Raiborn, and Jorn Askvik, "A Global Code of Business Ethics," *Journal of Business Ethics* 16, no. 16 (December 1997): 1727–35.

[42] Kathleen A. Getz, "International Codes of Conduct: An Analysis of Ethical Reasoning," *Journal of Business Ethics* 9, no. 7 (1990): 567–77.

Fig.01: A Typology of Codes of Conduct
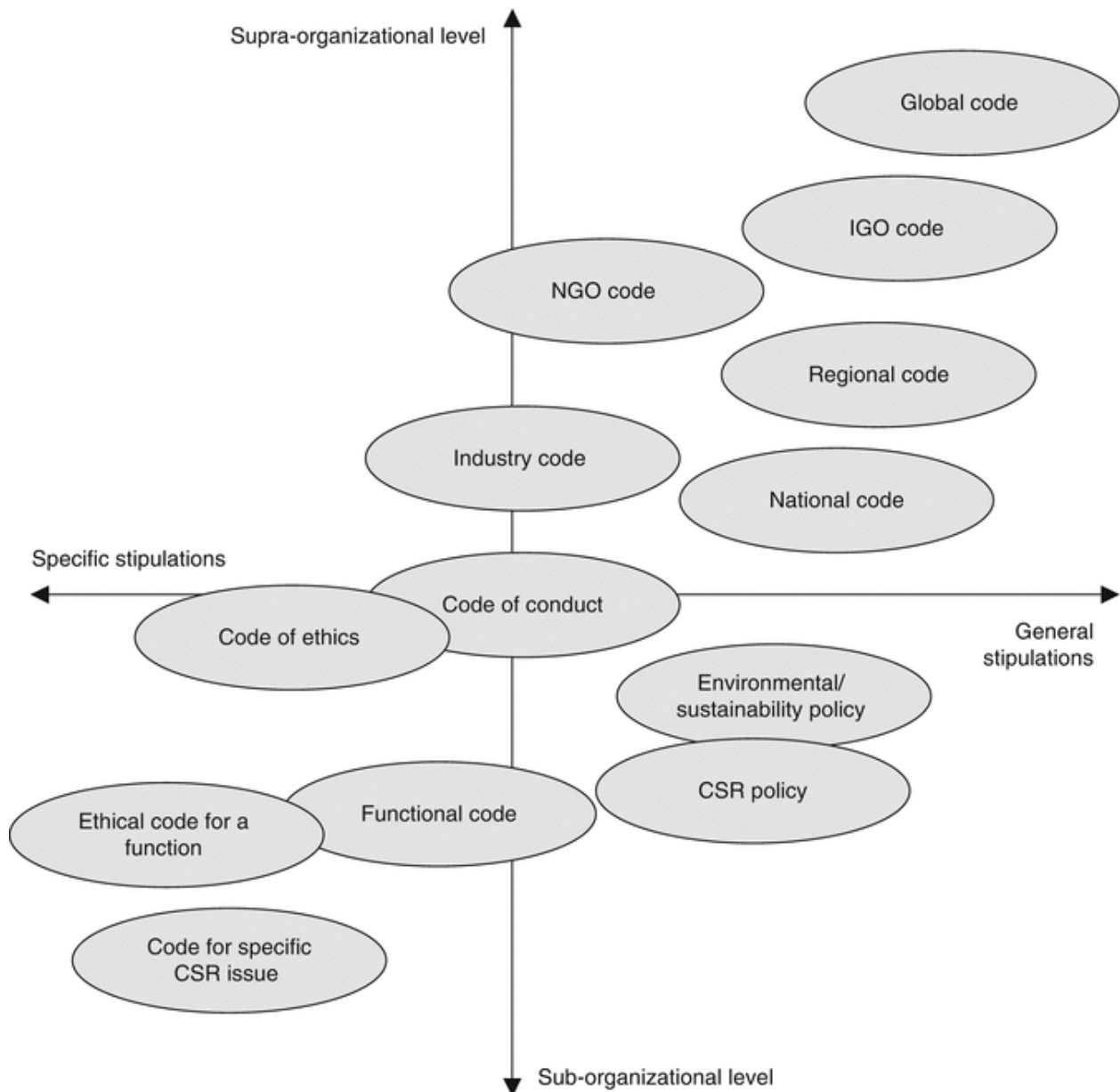
3. Unraveling the Decade of the Codes: Historical Context of the 1970s

The 1970s were an inflection point: Inflation was surging, distrust in the state was becoming commonplace, the demands of human rights activists were becoming louder, and the power of the MNC was booming. In this context, within this decade, three major intergovernmental organizations decide simultaneously to build codes of conduct to attempt to regulate MNCs. But why did this happen in the 1970s? What was happening globally, politically, economically, that motivated these IOs to take this action against MNCs? What were the external influences at play that shaped the IOs goals and priorities? This chapter will explore these questions and analyze the historical context and environment in which these codes were negotiated and drafted.

3.1 Intergovernmental Organizations

An important element of historical context for the purpose of this research is the history and structure of the three organizations that will be analyzed throughout the course of this paper. The United Nations was founded in 1945 directly after World War II, starting with 51 Member States. The predecessor was the League of Nations which was developed in 1919 after World War I as a part of the Treaty of Versailles. At the start of 1970, the UN had grown to 126 member States and the decade ended with 154, representing western, Soviet bloc, and developing countries. The UN mission follows a founding Charter, created at the formation of the UN, which is an international treaty and instrument of international law[43]. The UN has 6 main bodies, including the General Assembly, which is the main body of the organization, and the Economic and Social Council, which is the primary body that handled the Code of Conduct efforts[44]. Member States are the decision makers and policy drivers of the organization, however there are other organizations and individuals, including those from a corporate or labor background, that offer a consultative role in some working projects. In 1974, the UN attempted to establish a "New International Economic Order", which would "eliminate the widening gap between developed and developing countries"[45]. Unfortunately, the UN started receiving backlash for this effort. The Australian government initiated an investigation of the UN

---

[43] United Nations, "UN Charter," United Nations (United Nations), accessed July 19, 2023, https://www.un.org/en/about-us/un-charter.
[44] United Nations, "Main Bodies," United Nations (United Nations), accessed July 19, 2023, https://www.un.org/en/about-us/main-bodies.
[45] Resolutions Adopted on the Report of the Ad Hoc Committee of the Sixth Special Session. General Assembly, Sixth Special Session. May 1974. UN Archives.

favoring emergent or developing nations, and US President General Ford attacked the UN as communist and Soviet propaganda[46].

In 1919, the ILO was founded, as a part of the Treaty of Versailles, and in 1946, the ILO became a specialized agency of the UN. Regardless of this specialized agency title, ILO remained a separate entity and functioned independently from the UN, although the two organizations did collaborate and inform each other of the others' activities. The unique structure of the ILO, adequately termed the "Tripartite structure" gives equal power to the State, Employer, and Worker[47]. It is important to note that the ILO is the only organization of the three that is structurally formed to give employer and worker representatives decision-making power within the organization. From 1948-1970, the Member States of the ILO doubled, the budget was increasing, and ILO was becoming a truly global entity[48]. The influx of Member States leading up to 1970 came primarily from Africa, Asia and Latin America, which led to problems for the ILO. Developing countries represented the majority of ILO members, and there was demand to have developing country interests reflected more in their agenda, which was a problem since the primary financial aid of the ILO was coming from Western donor countries, who were not especially enthralled with the changing of the ILO agenda[49]. This was a particularly difficult situation as other primarily Western organizations, such as the OECD and the European Economic Community, were growing and likely taking Western funding away from the ILO. It came to a climax when the United States, in November 1975 announced its withdrawal from the ILO, giving a two-year notice and taking funding away immediately, citing reasons of increasing politicization, destruction of tripartite representation, and disregard of due process[50]. Although not officially cited, the underlying reasons point towards a Soviet national nominated as Assistant Director-General in 1970 and in 1975 at the Annual conference, the Palestinian Liberation Organization was granted limited observer status and ability to make a statement, which went against a US-sponsored resolution[51]. With the US

---

[46] Glenda Sluga, "The Transformation of International Institutions," in *The Shock of the Global: The 1970s in Perspective*, ed. Niall Ferguson et al. (Cambridge, UNITED STATES: Harvard University Press, 2010), http://ebookcentral.proquest.com/lib/gla/detail.action?docID=6033418.

[47] Mattias Sundholm, "ILO: International Labour Organization," *Office of the Secretary-General's Envoy on Youth* (blog), August 27, 2013, https://www.un.org/youthenvoy/2013/08/ilo-international-labour-organization/.

[48] "History of the ILO," accessed July 19, 2023, https://www.ilo.org/global/about-the-ilo/history/lang--en/index.htm.

[49] David Maul, *Human Rights, Development and Decolonation: The International Labour Organization, 1940-1970* UK: Palgrave Macmillan UK and International Labour Office, (2012), 228–33.

[50] Christopher C. Joyner, "The United States' Withdrawal from the ILO: International Politics in the Labor Arena," *The International Lawyer* 12, no. 4 (1978): 721–39.

[51] Ibid., p. 726-727

taking support and funding out of the ILO, this organization's credibility and effectiveness could be called into question[52].

The OECD was formed on 14 December 1960 following the Organization for European Economic Co-operation. Starting with 20 Member States, the OECD grew slightly by 1973 with 6 additional Member States that joined[53]. The OECD established two committees that represented workers and employers, the Trade Union Advisory Committee (TUAC) and the Business and Industry Advisory Committee (BIAC), however they only served in a consultative role without any real decision-making power[54]. The OECD was primarily composed of Western capitalist countries and this organization served as a space to discuss the economic policies of these members, specifically concerning developing countries and emerging powers of the Global South[55]. In fact, it is argued that the OECD developed into a forum where "West" was defined and the ideas, tenets, and positions of the western countries, and the international free trade perspective was developed and fostered[56]. The OECD played a significant role in the western countries' hegemony, and as we will see, in the 1970s, that power began to falter.

3.2 Polarized Political Landscape

The political landscape leading up to the 1970s was one of polarization and power dynamics. The Cold War tensions between the world superpowers were constantly rising. And there was a general shift in power, where the developing countries were demanding more control over their petroleum resources[57]. Post-war western governments were headed by conservative leaders, and the enjoyment of economic success kept any radical policies from passing[58]. With anti-communism mentality, western countries often were skeptical of the strong state and were hesitant to trust the state or pass policies that allowed more power to be enjoyed by the state. Especially in the United States, regardless of the political party, the private sector had a very strong reputation, signifying virtue and efficiency, while the public sector and government entities were in constant defense mode, fighting to convince the public of their legitimacy and

---

[52] Ibid., p. 736
[53] OECD, "OECD 60th Anniversary," OECD 60th anniversary, accessed July 19, 2023, http://p00f5244272.eu.racontr.com/index.html.
[54] Louis, "The Social Diplomacy of Multinational Corporations."
[55] Matthieu Leimgruber and Matthias Schmelzer, "Introduction: Writing Histories of the OECD," in *The OECD and the International Political Economy Since 1948*, ed. Matthieu Leimgruber and Matthias Schmelzer (Cham: Springer International Publishing, 2017).
[56] Ibid.
[57] Detlev F. Vagts, "The UN Norms for Transnational Corporations," *Leiden Journal of International Law* 16, no. 4 (December 2003): 795–802.
[58] Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven, UNITED STATES: Yale University Press, 2011), p. 13.

budget[59]. This western attitude of distrust in the state plays a significant role in the context in which intergovernmental organizations decided to create these codes.

In the 1960s, an important political event occurred: The Congo Crisis 1960-1964. After Congo gained independence from Belgium in mid-1960, the country was launched into an era of anarchy, violence, and conflict[60]. Although Belgium, US and UK tried to intervene, the UN was the entity which took a very active role in not only responding to the crisis, but also providing an international forum to discuss decolonialization[61]. The UN was thrusted into global politics in a very impressive, unprecedented way. However, the UN soon became the source of skepticism. The organization was accused of promoting neo-colonial actions and was acting as a puppet of Western countries and interests. It is argued at the Congo Crisis paralyzed the UN and significantly damaged UN reputation, which reverberated to other IOs[62]. Leading into the 1970s, the power dynamics of countries were in flux, there was turmoil between East, West, and Developing countries that had not been reached prior, and intergovernmental organizations, although deemed important for global cooperation, were losing their reputation.

Another significant political occurrence in the 1970s was the influence of the Carter administration. First, the Carter administration studied the arising energy issues carefully as the Oil Crisis was hitting. They were convinced that international policy coordination was key for energy security and that the individual States were not adequate to handle the needs and demands of the decade[63]. The Carter administration thus developed a strategic concept, which brought new foreign policy of global cooperation[64]. As the US enjoyed an enormous amount of influence globally, this idea of global cooperation spread across western countries, however there was still a deep distrust towards the state that could not easily be erased.

3.3 From Liberalization to Economic Instability

A large part of the first global economy of the late 19th century were dismantled due to the Great Depression and World Wars, however there was significant growth in FDI during the post-War period[65]. The global economy was quickly growing and developing. However, the

---

[59] Thomas Borstelmann, *The 1970s: A New Global History from Civil Rights to Economic Inequality* (Princeton, UNITED STATES: Princeton University Press, 2011), p. 5.

[60] Alanna O'Malley, *The Diplomacy of Decolonisation: America, Britain and the United Nations During the Congo Crisis 1960-1964* (Manchester, UNITED KINGDOM: Manchester University Press, 2018).

[61] Ibid.

[62] Maul, *Human Rights, Development and Decolonation: The International Labour Organization, 1940-1970*, p. 233.

[63] Daniel J. Sargent, *A Superpower Transformed: The Remaking of American Foreign Relations in the 1970s* (Oxford University Press, 2014), p. 232–34.

[64] Ibid.

[65] Geoffrey Jones, "Multinationals from the 1930s to the 1980s," in *Leviathans*, ed. Alfred D. Chandler and Bruce Mazlish, 1st ed. (Cambridge University Press, 2005), 81–104.

integration of multinational manufacturing, as well as the majority of FDI, was accounted primarily by US-owned firms[66]. From 1950-1962, Europe, primarily Britian, became a host to US manufacturing FDI and thus there was an influx in US capital flows to Europe[67]. In addition, this time period brought the General Agreement on Tariffs and Trade (GATT), which allowed lower trade barriers. In the 1960s, the US MNCs were moving production and manufacturing duties to Asia, Latin America, or Africa where labor costs were less expensive, and resources were more accessible. Generally, post-War trends brought freer markets and deregulation, allowing an economic environment where MNCs could flourish. In addition, there was the liberalization of international capital markets[68], which sometimes led to disruptive or destabilizing capital flows[69]. This disruption became more obvious at the start of the 1970s.

Economically, the 1970s were marked by instability and high inflation rates. In the United States, inflation rates reached the peak of the 20th century, although the cause of inflation remains largely in debate[70]. As the value of the dollar was decreasing, the collapse of the Bretton Woods System followed in 1971, causing a reformation of the International Monetary Fund[71]. Another element of instability in the world economy was caused by the 1973 Oil Crisis. Not only was it contributing to instable capital flows and inflation, but also a change in MNC ownership. As this decade saw an increase in protectionism and nationalization, especially in developing countries, it caused the elimination of MNE ownership of mining, petroleum and plantations and the MNC was losing control of the natural resources[72]. However, the GATT was also in negotiations for reforms, attempting to reduce tariffs[73]. As the economy was slowing in the 1970s, and the US and MNEs beginning to lose a level of hegemony, there was a slow divide in mindset, likely spurred on by continued Cold War tensions, with still strong supporters of neoliberalism and free trade or a preferred move to protectionism and closed borders.

These economic shifts played a significant role in the international dialogue. For example, in a 1973 UN report, it was claimed that there were two economic happenings that

---

[66] Ibid., p. 96.

[67] Ibid.

[68] Niall Ferguson, "Crisis, What Crisis?," in *The Shock of the Global: The 1970s in Perspective*, ed. Charles S. Maier, Erez Manela, and Daniel J. Sargent (Cambridge, UNITED STATES: Harvard University Press, 2010), p. 17–18.

[69] Sargent, *A Superpower Transformed*, p. 238.

[70] Fabrice Collard and Harris Dellas, "The Great Inflation of the 1970s," *Journal of Money, Credit and Banking* 39, no. 2–3 (2007): 713–31.

[71] Thomas Borstelmann, *The 1970s: A New Global History from Civil Rights to Economic Inequality* (Princeton, UNITED STATES: Princeton University Press, 2011), p. 202.

[72] Jones, "Multinationals from the 1930s to the 1980s," p. 89.

[73] "WTO | Understanding the WTO - The GATT Years: From Havana to Marrakesh," accessed July 19, 2023, https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm.

caused public attention towards MNCs "first, the massive influx of U.S. Capital into Europe and second, the continuing deficit of the US balance of payments."[74] In addition, at a conference of the European Community in 1972, mentions that a future economic world order may be necessary based on two occurrences: "the reform of the international monetary system, as it is being prepared in the International Monetary Fund (IMF) framework, and the reform of the international trading system within the framework of the GATT."[75]. These economic shifts, and the uncertainty that followed, mattered to the international community. The general instability of the economy in the 1970s and the change in economic systems provides an important context in which these international organizations became motivated to create codes.

3.4 Globalization Brings Change

Modern MNCs were born in the 1880s, gaining traction through the Industrial Revolution, and played a monumental role in globalization, integrating the world economy under single organizational structures[76]. However, after a roller coaster of economic growth, decline and globalization within the early 20th century[77], MNCs took its modern, current form in the 1970s, changing our economic world[78]. It was in the 1970s, during the height of the Cold War, in which MNCs became the dominant form of international business and were internationalizing at a rapid pace, integrating their business across multiple countries, cultures, legal systems, and institutions[79]. At the same time, the nationalization of developing countries, decolonialization, and expropriation shifted the power from integrated MNCs, especially in control of natural resources[80]. Naturally, these power struggles and shifts led to an unbalance in governance and regulation.

Although the term 'globalization' was originally coined in the 1960s[81], it was in the 1970s where globalization played a monumental role as a force that changed world politics[82]. As Dicken suggests, this period is marked by a "volatility of aggregate economic growth; and

---

[74] "MULTINATIONAL CORPORATIONS IN WORLD DEVELOPMENT". Department of Economic and Social Affairs. 1973. UN Archives. ST/ECA/190.

[75] Ralf Dahrendorf, "The Foreign Policy of the EEC," *The World Today* 29, no. 2 (1973): p. 51.

[76] Mira Wilkins, "Multinational Enterprise to 1930: Discontinuities and Continuities," in *Leviathans*, ed. Alfred D. Chandler and Bruce Mazlish, 1st ed. (Cambridge University Press, 2005), 45–80.

[77] Peter Dicken, *Global Shift, Sixth Edition: Mapping the Changing Contours of the World Economy* (New York, UNITED STATES: Guilford Publications, 2011), p. 17.

[78] Alfred Chandler and Bruce Mazlish, "Introduction," in *Leviathans*, ed. Alfred D. Chandler and Bruce Mazlish, 1st ed. (Cambridge University Press, 2005), p. 2.

[79] Geoffrey Jones, "Multinationals from the 1930s to the 1980s," in *Leviathans*, ed. Alfred D. Chandler and Bruce Mazlish, 1st ed. (Cambridge University Press, 2005), 81–104.

[80] Jones, p. 89.

[81] Manfred B. Steger, *Globalization: A Very Short Introduction* (Oxford University Press, 2009).

[82] Sargent, *A Superpower Transformed*, 5.

the growing interconnectedness between different parts of the world"[83]. Specifically in the 1970s, the "Golden Age" of the prior two decades, in which economic growth was expanding rapidly, suddenly came to an end and rates of growth became extremely volatile[84]. Ferguson et. al highlights a paradox of globalization, again pointing to this volatility, stating that "the more the world economy was 'optimized' the more complex and therefore crisis prone the system became"[85]. In the 1970s, globalization moved from a driver of growth to an instigator of volatility, which in turn made this decade an inflction point and a time of change across the national, economic, and global world.

The change-susceptible environment of the 70s brought along a sudden, if not surprising, rise in human rights. Although the UN announced the "Declaration of Human Rights" in 1948, it was not until the 1970s that the interest in human rights grew worldwide. The Carter Administration was a big proponent of human rights and vowed to advance the cause of human rights not only nationally, but also globally[86]. This brought new-found global attention to human rights organizations, like Amnesty International and the UN. However, the focus of the US on human rights was also used as a trauma response after the Vietnam War, and a tactic used to keep the US in the moral high ground, continuing to motivate the fight against immoral communism[87]. The US led a global interest around human rights and this interest had taken off rapidly. Given the volatile environment of the 1970s, there were many different areas of society that were being scrutinized with a human rights lens and many organizations demanding change during this period of instability.

Furthermore, MNCs were considered the drivers of globalization, which caused a deep level of public scrutiny to the large corporations[88]. This general perception of crisis and volatility of the decade caused the public to have a level of insecurity about the negative consequences of globalization, and thus, MNCs. As globalization was bringing rapid change, economically and politically, it was also bringing distrust to MNCs. Globalization had also contributed to a crisis in the public sector of western countries, where the welfare state was faltering, and nation-states were losing economic authority[89]. This distrust of MNCs coinciding

---

[83] Peter Dicken, *Global Shift, Sixth Edition: Mapping the Changing Contours of the World Economy* (New York, UNITED STATES: Guilford Publications, 2011), p. 16.

[84] Ibid.

[85] Niall Ferguson, "Crisis, What Crisis?," in *The Shock of the Global: The 1970s in Perspective*, ed. Charles S. Maier, Erez Manela, and Daniel J. Sargent (Cambridge, UNITED STATES: Harvard University Press, 2010), p. 18.

[86] Sargent, *A Superpower Transformed*, p. 234–35.

[87] Barbara J. Keys, *Reclaiming American Virtue: The Human Rights Revolution of The 1970s* (Cambridge, UNITED KINGDOM: Harvard University Press, 2014).

[88] Sethi, "Setting Global Standards : Guidelines for Creating Codes of Conduct in Multinational Corporations."

[89] Sargent, *A Superpower Transformed*, p. 6.

with the reduction of power of the public sector and nation-state opened the opportunity for intergovernmental organizations to assert themselves to help these perceived problems.

International trade unions started putting extreme pressure on intergovernmental organizations to deal with this so-called "multinational dilemma". The International Confederation of Free Trade Unions (ICFTU) approved a resolution in July 1969 blaming MNCs of evading governmental and democratic control and challenging labor movements, which was originally aimed at the ILO, but was answered without any significant action[90]. In the following years, demand for action from the European trade union organizations started to rise. In 1972, the UN developed the "Group of Eminent Persons" which was tasked with understanding the effects of MNCs[91].

These forces at play prove that the 1970s were an inflection point and ripe for change. Globalization was the underlying driving factor which created a volatile environment, a global interest in human rights, demands from labor and trade unions, the rise and simultaneous distrust of MNCs, and the weakening of the State. These concurrent forces created a perfect opportunity for the international and intergovernmental organizations to assert themselves at a time that they were losing momentum and trust, especially from powerful western countries. This connection showcases how the rapid period of globalization, leading to a level of volatility and insecurity in the 1970s, is an imperative influence on the universal codes of conduct.

3.5 Section Summary

The popularity of intergovernmental organizations seen after WWII was declining rapidly, as the ambitious goals of the OECD, ILO and UN were constantly stifled by the Cold War polarization. Politically, the distrust in intergovernmental organizations and strong governments put these entities in a weaker and less influential position. The backlash of the UN and Western government reaction to the Congo Crisis was strong and negative, causing an even greater loss of reputation. Economically, there was a large amount of turmoil and instability stemming from wild inflation. Simultaneously, MNCs were being blamed for inflation and human rights violations, especially in developing countries, however they were too powerful to be regulated by individual State governments. The end of the "Golden Age" and the rise of this "multinational dilemma" is marked by the failing of the tripartite social compact between Capital, Labor and the State which had governed the economic and social

[90] Francesco Petrini, "A Shield against Globalization? European Trade Unions and the Struggle to Regulate Multinationals," accessed July 9, 2023.
[91] Hajduk, "A code to bind them all"

growth of the era[92]. The collapse of this social contract and the public scrutiny of MNCs led to an enormous opportunity to gain power and legitimacy, one that the intergovernmental organizations were especially suited to capitalize on, which was in their best interest to regain the popularity that they had been losing.

---

[92] Francesco Petrini, "Capital Hits the Road:," *Contesting Deregulation*, 2017, p. 185.

4. The Development of the Codes

As MNCs are gaining power and control, in parallel, intergovernmental organizations are losing reputation and trust. External and internal pressure falls on these IOs to develop codes and guidelines to control the negative side effects of the growing MNCs on host countries, particularly. The OECD, UN, and ILO answer the calls of pressure in order to keep relevance and legitimacy in the international society. Each organization spends a significant time throughout the 70s analyzing MNC behaviors and effects, and developing committees, working groups, or other specialized teams to develop guidelines or codes to minimize the negative effects of MNCs. These codes are not developed in isolation; the actors, stakeholders, and development processes are complex for each of the IOs and their respective codes. These negotiations were not easy, as key stakeholders and influences were polarizing and self-interested. In this chapter, the processes and power dynamics involving the creation of the code are analyzed. First, I have provided a chronological recount of how each of these codes were created, piecing together meeting minutes, reports, and memos from each of the organizations' archives. After providing this proper background of *what* happened, the analysis will move into the *who*, *why*, and *how* elements of development. I have compared and analyzed the key stakeholders and actors that were involved in creating the code, the motivations behind writing the code and the influences that altered the creation process. Surveying each of these elements, this chapter aims to build connections, understand power dynamics and seek explanations for the differences in development in relation to the outcomes of the codes.

4.1 The Tedious Development Process

Increasingly since the late 1960s, many governmental and non-governmental organizations started becoming interested in the rise of MNCs. Conferences, research symposiums, and forums were held focusing on the topic of MNCs, international investments, and responsible business actions. For the ILO, there were many requests by workers' representatives, industrial committees, and regional and international conferences to encourage ILO action in this new field of MNCs[93]. Action started within this space during the 1971 International Labour Conference, where a Resolution was passed mandating ILO action concerning social problems raised by MNCs[94]. At the 185th Session of the Governing Body of the ILO (Geneva, February

---

[93] Hans Günter, *The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (History, contents, follow-up and relationship with relevant instruments of other organisations)*. Working Paper No. 18, Multinational Enterprises Programme Working Papers, Geneva, 1981. UN Archives, AR 14.1903 Box 312.

[94] Ibid., p. 2

- March 1972), a Decision was made to hold a "Meeting on the Relationship between Multinational Corporations and Social Policy", which was held from 26 October to 4 November 1972[95]. This meeting had 11 seats and had the primary objective of agreeing what role the ILO plays in the social implication of MNCs. Many topics were discussed including the possibility of creating a code of good behavior, however the conclusions drawn at the end were that further studies were needed to understand the true implications of MNCs on social policy before a decision about a code could be agreed upon[96]. After this meeting, no true progress was made within the ILO for many years.

For the OECD, this issue started gaining prevalence in 1972, with many internal committees and advisory groups of the OECD, namely the Business and Industry Advisory Committee (BIAC) and Trade Union Advisory Committee (TUAC), pressuring the OECD to report on actions that were planned regarding the topic of MNCs. The OECD already had internal work related to MNCs and international investment, such as a working group in the Committee of Fiscal Affairs examining international taxation aspects of MNCs, a Code of Liberalisation of Current Invisible Operations, and a Committee of Experts on Restrictive Business Practices examining the role of MNCs particularly in technological transfer[97]. However, it was not until 1973 when the OECD brought this topic to the forefront of the Executive Committee, putting "Issues pertaining to International Investment and Multinational Enterprises" on the agenda of their 2nd Special Session[98]. The OECD made quick progress, hosting three additional Special Sessions of the Executive Committee focusing on issues pertaining to International Investment and Multinational Enterprises in 1973. Additional studies were conducted throughout the year, and a new framework for cooperation in international investment was developed and at the 5th Special Session, there was consensus in creating guidelines, focusing on "National Treatment" principle and consultations[99]. This quick progress in 1973 was then matched with a slow start in the actual drafting of the guidelines, with no tangible progress in the following year.

Similar to the OECD, the UN had taken only small, insignificant strides in actions regarding MNCs from late 1960s to early 1970s. A previously mentioned, in 1972, the UN

---

[95] *Multinational enterprises and social policy*. An ILO publication on Multinational Enterprises. Geneva, 1973, ILO Archives, Accessed via: ILO LaborDoc.

[96] Ibid.

[97] "Issues Pertaining to International Investment And Multinational Enterprises". *Note by the Secretary-General. Executive Committee*, 2nd Special Session. Paris, 23 Feb 1973, OECD Archives, Microfilm 526, CE(73)6.

[98] *Minutes of the 2nd Special Session*. Executive Committee. Paris. 19 March 1973. Pg. 4. OECD Archives. Microfilm 467. CE/M(73)8(Prov.).

[99] *Minutes of the 5th Special Session*. Executive Committee. Paris. 8-9 Nov 1973. Pg. 49. OECD Archives. Microfilm 467. CE/M(73)30(Prov.).

developed the "Group of Eminent Persons" which was tasked with studying and understanding the impact of MNCs. In 1974, under the Resolution 1913 from the UN Economic and Social Council (ECOSOC), a new *Commission of Transnational Corporations* (referred to hereafter as: "the Commission") was formed consisting of 48 member states[100]. Alongside the Commission, an internal body within the UN was created within ECOSOC called the Centre of Transnational Corporations (UNCTC) which served as a central entity for all matters internally within the UN related to transnational corporations[101]. These entities established a public display for the dedicated effort on issues regarding MNCs within the UN, which up until this point, was not matched by the other two organizations. The charter began in 1975, with one session per year for the Commission to negotiate on endeavors.

In 1975, the OECD began to make quick progress on their guidelines. Following suite to the UN, they, too, developed a dedicated entity on the topic of MNCs. The Committee on International Investment and Multinational Enterprises (IME) was established with the main charter devoted to improving national statistics and reporting measures of international investments and MNCs[102]. The studies that the OECD hoped to accomplish were hindered by the different reporting methods of various countries regarding foreign investment and MNCs as well as an overall lack of statistics about foreign investments from an international perspective. The IME held 5 sessions in 1975 and made significant progress in the drafting and development of the OECD Guidelines. After the first session of the committee held in March, the delegates supported the creation of a declaration by OECD member governments, which includes guidelines, guidance on national treatment and consultation procedures[103]. An informal drafting group gathered, completing a full first draft of the declaration. After additional negotiations in the 2nd and 3rd Committee sessions and two more drafting meetings, the declaration was in a stable spot to bring in outside consultants and advisors for review and comments. BIAC and TUAC, as well as legal experts, were brought together in a formal matter in November of 1975, after having many informal consultations throughout the drafting process[104]. Finally, after half a year of final edits and negotiations, the OECD adopted a Declaration in the Council meeting at Ministerial level on 21st June, 1976, which included the

[100] *United Nations Commission on Transnational Corporations*. Global Civil Society Database. Accessed via: https://uia.org/s/or/en/1100059616 .

[101] *United Nations Centre on Transnational Corporations*. Global Civil Society Database. Accessed via: https://uia.org/s/or/en/1100024712 .

[102] *Summary Record of the 386th Meeting*. Executive Committee. Paris. 17 Jan 1975. OECD Archives. Microfilm 618. CE/M(75)2(Final).

[103] *Summary Record of the 1st Meeting*. Committee on International Investment. Paris. 3-4 March 1975. OECD Archives. Microfilm 465. IME/A(75)1.

[104] See: *Summary Record of the 3rd - 5th Meetings*. Committee for International Investment and Multinational Enterprises. Paris. 1975. OECD Archives. Microfilm 465. IME/M(75)3-6.

Guidelines for Multinational Enterprises and three decisions regarding Inter-governmental Consultation Procedures on the Guidelines, National Treatment and International Investment Incentives[105].

With word passing that the OECD was in the final stages of their Guidelines, the UN and ILO experienced a level of pressure to start making tangible progress on their efforts regarding MNCs. At the second session of the UN Commission, held in Lima in 1976, the UN decided that a Code of Conduct would be drafted by an Intergovernmental Working Group (IWG), however the IWG did not begin its work until 1977[106]. Simultaneously, at the 198th session of the ILO General Assembly, a decision was passed that ILO would host a Tripartite Advisory Meeting of Multinational Enterprises and Social Policy, which occurred in May of 1976. This Advisory Meeting determined that work would begin drafting the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy beginning in 1977. In the first quarter of 1977, the ILO Working group met 3 times to prepare, review and amend the draft of the Declaration[107]. In April, a Reconvened Tripartite Advisory Meeting was organized, where the Draft of the Tripartite Declaration was submitted to the ILO Governing Body[108]. The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy was adopted at the 204th Session of the Governing Body of the ILO in November 1977 in Geneva[109].

Unfortunately, in the years following the publication of the OECD Guidelines and the ILO Declaration, the UN IWG struggled to reach consensus on their Code of Conduct given the variety of differing political views of the various participating Member countries. After seventeen sessions between 1977 and 1982, the IWG concluded its final efforts without completing the mandate of reaching consensus of a completed Code of Conduct[110]. Instead, there was a draft with many holes and contention points which was given back to the Commission, with the belief that bringing together different voices and ideas would help reach consensus on the many sticking points. After another failed round of negotiations at the 1983

---

[105] *Declaration on International Investment and Multinational Enterprises.* OECD Press Release, Paris, 1976, UN Archives, AR 14.1903 Box 313 p01.

[106] Weisglas, Max and Dunn, Paxton T., *Fourth Session of the United Nations Commission on Transnational Corporations.* Vienna, 16 – 26 May 1978. UN Archives, AR 14.1903 Box 314 p01.

[107] *Report of the Working Group on a Draft Tripartite Declaration of Principles.* International Labour Organisation, Geneva, 1977. MNE/1977/D.3. Accessed via: ILO LaborDoc.

[108] *Report of "Reconvened Tripartite Advisory Meeting".* International Labour Organisation, Geneva, April 1977. MNE/1977/D.8. Accessed via: ILO LaborDoc.

[109] *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy.* International Labour Organisation, Geneva, 1977. Third edition, 2001. Accessed via: ILO LaborDoc.

[110] *UN Code of Conduct on Transnational Corporations.* Information Bulletin No. 39, United Nations International Business Council. New York, 25 May 1983. UN Archives. AR 14.1903 Box 314 p02.

Special Session of the Commission, the Code of Conduct was given to the parent body of ECOSOC to decide further actions[111]. The development of the Code does not end in 1983. However, for the purposes of this thesis, the subsequent development efforts will be analyzed in the following chapters in order to provide a clearer comparison with the other two codes.

From a high-level perspective, the development processes of these three codes follow a similar approach and pattern. First, there are external motivations, requests, efforts that bring the issue of MNCs to the main body of the subsequent IO. Then, debates were held on how to address these issues and the organization compiled further research and studies, which mostly would not provide a tangible conclusion. Regardless, the IO determines that a dedicated effort is needed to address these MNC issues and smaller working groups or committees are developed. It is within these groups that the decision to create a code is agreed upon. Then, an even smaller group is formed to draft the corresponding documents, which are brought back to the larger committee or group. There is a time period of comments, edits and amendments to the draft, finding consensus among contentious points. In the OECD and ILO case, the final draft is then submitted for approval by the main body of the organization and published.

Although the general process and approach are quite similar between these three cases, there are significant differences in the key actors, motivations, and influences of these cases, which will be analyzed in the following subsections.

---

[111] Ibid.

Fig.02: Timeline of the Development Process of the codes from 1972-1977

UN Activities — OECD Activities — ILO activities

1972

TUAC Report pressures OECD to declare plans on handling MNCs

First Special Session of Executive Committee to discuss "Issues pertaining to International Investment and MNCs"

Meeting on the Relationship between MNCs and Social Policy (Decides more studies needed)

"Group of Emergent Persons" founded

1973

Second Special Session (Decides more studies needed)

Fourth Special Session (Decides to submit proposal for guidelines)

Fifth Special Session (Agreed on work programme for MNCs)

1974

Ad-Hoc Working Group focused on creating more accurate and transparent data on MNCs

Commission on Transnational Corporations and Centre on Transnational Corporations founded

Source: Own Illustration

1975
- Committee on International Investment and Multinational Enterprises founded
- 5 Sessions of Committee on International Investment and Multinational Enterprises
- 2 Drafting Group Working Sessions to draft Guidelines

1976
- 21 June - OECD Adopts Guidelines for Multinational Enterprises
- First Special Session of Commission on Transnational Corporations
- Tripartite Advisory Meeting on the Relationship of Multinational Enterprises (Decides to develop Declaration)

1977
- 3 Sessions of Working Group on ILO Declaration
- April: Reconvened Tripartite Advisory Meeting (Decides to submit Declaration to Governing Body)
- Second Special Session of UNCTC
- Intergovernmental Working Group to draft Code formed
- November: ILO adopts Tripartite Declaration of Principles

Source: Own Illustration

4.2 Who was Involved?

The ILO prides itself on its Tripartite structure, which incorporates voices from governing bodies, workers organizations, and employers. The Declaration was developed with this value as a priority. In the 1972 Meeting on the Relationship between Multinational Corporations and Social Policy, there were 24 experts brought together from government, employer and worker circles. The government experts included the delegates from US, India, UK, USSR and Japan who primarily represented their respective departments of commerce, trade, industry, etc. The employer experts included both experts representing individual MNCs (Board members, etc.) and broad employer organizations (i.e Federation of Kenya Employers). There was a mix of employers from the global north, representing US, UK, Germany and France; and the global south, representing India, Ethiopia, Uruguay, Kenya. The worker experts were primarily representing trade unions and worker confederations from a variety of primarily developed countries, including Switzerland, Australia, UK, France, Belgium and the US. There were two working experts from developing countries, Mexico and Malaysia. Additionally, there were observers from other countries and IOs, including the UN, OECD, World Confederation of Labour, World Federation of Trade Unions, and International Organisation of Employers[112]. Although individual experts were altered and changed, the high-level mix of representation (including countries and organizations) remain quite consistent during the 1976 Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy and the 1977 Reconvened Advisory Meeting. The Working group of the Draft had a smaller team, however kept its tripartite structure in the representatives. The Governments represented were UK, Mexico, India and USA. The employer experts included Barbados Employers' Confederation, CBI International Labor Committee (UK), Federation of Netherlands Industry, and Chairman of Board of SIFCO Industries (USA). The Worker experts included AFL-CIO (France), International Textile, Garment and Leather Workers' Federation (Belgium), National Union of Plantation Workers (Malaysia), and Trades Union Congress (UK)[113]. In addition, the UN attended all Working group sessions.

The unique feature of the ILO regarding key actors is certainly the tripartite structure, which is consistently mentioned in the reports, papers, and minutes of the Tripartite Advisory Meetings and Working Group Meetings. The fact that worker organizations are represented in the development process is unique to the ILO. The voices of the workers are consistently the most concerned with the issues of MNCs, which is likely a reason why the ILO deems a certain

---

[112] *Multinational enterprises and social policy.* "Appendix III. List of Participants". p. 177.
[113] *Report of the Working Group on a Draft Tripartite Declaration of Principles.* Annex. p. 4-7.

responsibility to take action. Incorporating the voices of the workers could also serve to increase the legitimacy of the ILO and gives the ILO authority over the themes of social policy, employment, and working conditions in which the Declaration engages. The worker representation could also be a key factor in the negotiations focusing on human rights discussions, as implied through the primary topic of social policy, as opposed to the negotiations becoming economically or politically driven. In the adoption of the Declaration, the worker experts emphasized the need of the ILO to have proper follow-up procedures and urged the ILO to review the implementation of the Declaration from the perspective of the governments, workers, and employers[114]. The combination of Western and Developing countries and the worker and employer organizations playing a role in these negotiations was holistic and well-rounded, incorporating many different views and perspectives in the negotiations.

The OECD negotiations incorporated only the OECD Member states, in which only members of developed countries were represented[115]. The Committee on International Investment and Multinational Enterprises consisted of 23 countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, Turkey, United Kingdom, United States, Yugoslavia, all from related governmental agencies (i.e. Department of Industry and Trade (UK), Office of International Investment (US), etc)[116]. Evidence was not found about which parties were included in the Informal Drafting Group of the OECD Guidelines. Only government officials were represented in the OECD Guidelines negotiations. It is true that BIAC and TUAC were brought into negotiations in an advisory role and they were representing the business voices, however, their interests were still largely political, not directly incorporating any MNC or domestic enterprises in any significant way. In addition, there was no evidence that there were outside attendees or observers representing NGOs or IOs. So, unlike the ILO meetings which had representatives from OECD and UN present in their negotiations, the IME kept their participants within the inner OECD circle. The industrialized country governmental representation was primarily the actors and stakeholders, which can explain why the OECD Guidelines negotiations focused on political and economic themes, including national treatment and international investment. Employment and Industrial

---

[114] *Report of "Reconvened Tripartite Advisory Meeting".* p. 11, paragraph 83.
[115] Detlev F. Vagts, "The UN Norms for Transnational Corporations," *Leiden Journal of International Law* 16, no. 4 (December 2003).
[116] *Summary Record of the First Meeting.* "Annex: List of Participants". Committee on International Investment and Multinational Enterprises. Annex. Paris, 3rd-4th March 1975. OECD Archives. Microfilm 465. IME/M(75)1.

Relations is a topic of consideration in these Guidelines; however it was often glazed over, defaulting to the country policies as the leading voice and final say. As has been mentioned, there are very few developing country actors within these negotiations. Turkey, a developing country, is listed as a member country, however the published version of the Guidelines says "The Turkish Government was not in a position to participate in this Declaration"[117]. The fact that there were no worker actors, MNC actors or developing country actors in these negotiations is a leading explanation for the speed at which the OECD was able to come to consensus over the Guidelines. Not only was there a less overall number of actors, but the actors that were represented had decidedly similar backgrounds and thus similar desires and interests.

Many of the representatives on the IME were from the permanent delegation, or the high-level OECD delegation. However, many countries had additional advisors joining these meetings from primarily governmental backgrounds such as departments of Trade, ministries of foreign affairs, financial affairs or similar entities within the respective governments. There were a couple countries, like Austria and Finland, sending economic experts from banks. It is important to note that countries had between one to four representatives; the only exception to this was the USA, who had seven representatives, including a legal advisor from the Department of State[118], which interestingly was a quite different background compared to the titles of the representatives from the other Member States. It is difficult to say with 100 percent certainty why the USA had different and more representation, however one factor is quite obvious. Given that the USA had the largest number of MNCs and was involved at a spectacularly deep level in foreign affairs and international investment, it could be reasoned that the USA had the greatest interest in the outcome of these guidelines and had an important task to ensure that the effects of these guidelines would not have any lasting negative impact on US economy. In order to drive forward this interest, it would be a logical decision to send significantly more delegates to these negotiations to show a higher level of interest, which might translate into a level of control and power.

Compared to the other two organizations, the UN Code of Conduct negotiations incorporated a much wider scope of stakeholders with vastly different interests and priorities. The Commission was composed of 48 Member States, almost twice as many Parties as the OECD or ILO. Almost half of these countries were developing countries from Africa, Asia and

---

[117] "OECD Press Release: Declaration on International Investment and Multinational Enterprises". 21 June 1976. Paris. UN Archives. File: PRESS/A(76)20.
[118] *Summary Record of the Second Meeting*, Annex: List of Participants. Committee on International Investment and Multinational Enterprises. Annex. Paris. 28th-29th April 1975. OECD Archives. Microfilm 465. IME/M(75)2.

Latin America, as well as significant representation from Soviet Union and Eastern European voices[119]. The Intergovernmental Working Group was composed of 37 countries and had representation from other entities, including the ILO, OECD, IMF, Latin America Economic System, and other UN organizations[120]. There is evidence that some delegates and governmental officials took part in both the OECD Committee negotiations as well as the UN Code of Conduct IWG, based on an OECD report[121], however a cross-check was not able to be performed due to full participant lists not being available for the IWG. Regardless, it is interesting to see the overlapping parties, even the overlapping of individuals, influencing these development processes. As will be explored later, the sheer number of Parties participating in the UN negotiations and the differences in their political agendas played a key role in the inability to reach consensus on the UN Code.

Overall, there appears to be a direct relationship in not only the number of key actors, but also the backgrounds and interests of those actors, which correlate to the development of the codes, such as the time in which it takes consensus to be reached. The OECD had the smallest number of Parties with the most similar interests and were able to reach consensus and publish their Guidelines before the other two organizations. The OECD and UN largely incorporated only governmental experts and perspectives in their negotiations, while the ILO, given their Tripartite structure, incorporated perspectives from worker and employer organizations. The USA government also plays a very strong role in the negotiations for all three organizations since they had a heavy political and economic interest in regulations for MNCs. That being said, it is interesting to note that there is minimal evidence of any of these organizations directly incorporating representation of MNCs. There does seem to be a natural gap in that without any MNC representation in the development process, there is only so much tangible effect that these codes can have MNCs themselves. This will continue to be explored throughout the analysis. Lastly, it is important to recognize that although developing country voices are represented, they are over-powered by the developed countries, which is a pattern that is seen across the organizations. The implications of greater representation of developed country voices compared to the developing country is significant in the way that these codes are written and later enforced and implemented.

---

[119] Press Release "Commission on Transnational Corporations to Re-open Special Session at New York" New York, 6 June 1984, UN-ARMS Archives, S-1048-0021-0002-00001.

[120] "Work Related to the Formulation of a Code of Conduct", *Report of the Intergovernmental Working Group on a code of Conduct on its fourteenth session*, 18th-29th May 1981, UN Archives, AR 14.1903, Box 314 p. 2.

[121] *Summary Record of the Fourth Meeting*. Committee on International Investment and Multinational Enterprises. Annex. Paris, 30th Sept- 1st Oct 1975. OECD Archives. Microfilm 465. IME/M(75)5.

4.3 Pressure to Regulate MNCs

There are undoubtedly countless numbers of internal and external pressures, direct and indirect influences, as to why work started on these codes in the first place. Naturally, this sub-section cannot provide an exhaustive list of reasons and pressures behind these codes, instead the aim of this and the following section will be to draw connections and find patterns between the direct motivations and influences of these codes and how they affected the code's outcome.

As was explored in the previous chapter, there was an intense inflation problem rising in the 1970s. At this time, there was a lot of blame put on MNCs as the reason for this inflation, in fact according to a 1972 report by TUAC, there were two primary reasons for inflation, "monopolistic and oligopolistic price policy including administered prices and actions from multinational companies" and "price increases in the international markets influencing the national price level"[122]. Although MNCs have been on the rise for two decades and there had already been reported human rights and social policy issues regarding MNCs, it was not until the 1970s that MNC activity was connected to negative economic effects. This TUAC report was one of many being released calling attention to the negative consequences of MNCs during this time period which brought the issue of MNCs to the forefront of these IO agendas. The external pressure received by advisory committees, conferences, reports, and research institutes was ever increasing. For example, in 1972, the High-level Group on Trade and Related Problems released a report called "Policy Perspectives for International Trade and Economic Relations". This report was mentioned multiple times in the 1973 Secretary General Notes used in the OECD Special Sessions of Executive Committee[123]. The ILO Declaration was strongly motivated by research and a symposium conducted by the International Institute for Labour Studies, which was an autonomous education and research center of the ILO, as well as the ILO World Conference of 1971[124]. In addition, the ILO World Conference was stated as a motivating factor for the UN, as well as additional external factors such as the Parliamentary Assembly of the Council of Europe, International Chamber of Commerce Guidelines, the multinational charter of the International Confederation of Free Trade Unions and the Andean Foreign Investment Code[125]. In a Background Document for the UN Commission, it states "it was in fact the revelation of the involvement of a corporation in the affairs of a host country,

---

[122] Odhner, Clas-Erik, "Trade Union views on the Problem of Inflation", Paris. 1972. OECD Archives. Microfilm 479. RE/TUAC(72)1.

[123] "Issues Pertaining to International Investment and Multinational Enterprises". *Note by Secretary-General.* OECD Archives. Microfilm 526. CE(73)6, CE(73)10, CE(73)14.

[124] Günter, *The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.*

[125] "Preparations for the drafting of a UN Code of Conduct". Multinational Service Background Document. 2 March 1977. p. 3. UN Archives. AR 14/1903 Box 463.

by attempting to undermine the elected Government of that country."[126] There was no further evidence about which specific event this was referring to, however it is clear that there was external influences that were at play, motivating the efforts of the UN.

It is also interesting to note that after the OECD Guidelines were published, both the UN and ILO put a higher priority on work of their codes, and both entities used the OECD Guidelines as a resource in their negotiations[127], which suggests that the OECD Guidelines themselves was a motivating factor for the ILO and UN to progress with their codes. These external motivating factors tell us that the UN, OECD, and ILO were not acting in a silo when developing their codes, in fact quite the opposite. These IOs started discussing and taking action only after this discussion was becoming so prevalent in other national and international organizations that this topic became impossible to overlook. This external pressure came in three distinct directions for these IOs: First, seeing other organizations and nations taking action towards MNCs; second, being directly advised by independent, yet connected entities; and third, receiving reports and studies quantitatively analyzing MNCs effects. The pressure that these IOs were receiving from external entities was a large motivation factor which led to these codes being formed.

Of course, there were internal pressures for these codes that cannot be ignored. As these IOs rose in power and legitimacy, many departments and divisions within the organizations took actions related to MNCs, foreign investment, and human rights. For example, in the OECD prior to 1972, the Committee on Fiscal Affairs created a group to examine taxation aspects of the activities of MNCs. The Committee of Experts on Restrictive Business Practices was developing recommendations and working groups on restrictive business practices affecting international trade and MNCs. The Industry Committee set up a working party to examine the role of MNEs as a medium of technological transfer[128]. As the theme of MNCs was already being evaluated among multiple different committees within the organization, there was a gap in coordinating all of these separate efforts. This gap in coordination was a driving factor at the top level, when the Executive Committee decided to create the Committee on International Investment and Multinational Enterprises and to develop the Guidelines which connected the many separate efforts among various committees and became a more streamlined approach. Similarly, the UN had the Group of Eminent Persons which, after many reports, put pressure

---

[126] Ibid.
[127] See: "Preparations for the drafting of a UN Code of Conduct" UN Archives, and "Reconvened Tripartite Advisory Meeting" ILO Archives.
[128] "Issues pertaining to International Investment and Multinational Enterprises". Annex I. OECD Archives. Microfilm 526. CE(73)6, CE(73)10, CE(73)14.

on the UN General Assembly to create a code regulating MNCs[129]. In addition, the UN passed the "Charter of Economics Rights and Duties of States" and the "New International Economic Order" in 1974, shortly before the Commission was developed. To follow through with the many organizational efforts that were already forming in the early 1970s, it was necessary for the UN to create the Commission and the corresponding Code to keep progressing after these internal resolutions.

Analyzing the motivation behind these codes portrays the pressure that these organizations faced as a complex system of internal and external forces. The external mechanisms from national and international organizations, conferences, reports, forums, published documents and others provided an environment where the IOs were pressured and expected to act regarding MNCs. This sheer amount of internal and external pressure on the IOs showcases the amount of attention and scrutiny that was on MNCs during the 1970s. This attention on the IOs shows potential in power of regulating MNCs at the global level, which was in the IOs best interest, since they needed any avenue to gain power and legitimacy. In addition, the internal pressures were directly motivating the organization to create a more streamlined approach to the internal activities that were already taking place regarding international economic development.

4.4 Intertwined Relationship between IOs During Development

In addition to the influences that motivated the development of the code, it is also relevant to analyze the influences that altered the code during the developing process. Given that the UN, ILO and OECD were enduring similar efforts, it is only natural to assume that they influenced each other in the development process. As mentioned, representatives from the organizations were often present in one another's committee meetings, drafting session, and negotiations during the development process. However, the influence runs much deeper. For example, as stated in Chapter 3, the ILO became a specialized agency of the UN in 1946 and although it is run independently, the ILO is of course heavily influenced by the UN, which was clearly seen in the development process. In the ILO 1976 Tripartite Advisory Meeting on Relationship of Multinational Enterprises and Social Policy, the UN Commission sent a representative to give an opening statement. In it, the UN says "The work to be undertaken by the Centre (UNCTC) on the social impact of transnational corporations related most directly to the ongoing work in the ILO; it was important that, while proceeding concurrently, both the Centre and the ILO

---

[129] "Preparations for the drafting of a UN Code of Conduct". p. 3. UN Archives.

should avoid duplication of efforts and endeavour to mutually strengthen on another's work."[130] In the Reconvened Tripartite Advisory Meeting in 1977, the welcoming statement also mentioned the UN Code and because of the anticipated work of the UN, "the ILO's work should be taken in hand immediately and completed with the minimum delay"[131]. After the ILO Declaration was adopted, the UNCTC wanted to emulate the development process and even reference the Declaration in the UN Code. In the fourteenth session of the IWG, there was agreement to have a cross-reference in the UN Code which refers to the ILO Declaration as the default document in the topics of employment, training, conditions of work and life and industrial relations[132]. In the 1985 eleventh session of the Commission, there was a private conversation between ILO representative Hans Günter and Peter Hansen, the new Executive Director of the UNCTC, in which Hansen requested Günter to prepare a memo for him on negotiation strategy for the UN Code drawing on ILO experience. Although Günter declined the request, he did provide informal comments on a strategy paper for the UNCTC staff[133]. The UN and ILO are heavily integrated, not only in formal structure and setting, but also in the informal relationships and participation that each organization had in the development process of these codes.

Although not as formally linked, OECD still had a very close relationship and influence over the ILO and UN during the development processes. As mentioned, it can be assumed that the completion of the OECD Guidelines caused a certain pressure on the ILO and UN to make quicker progress on the development and drafting process of their respective codes. In addition, the OECD Guidelines publishing first would set a precedent controlled by the Western OECD Member States[134], thus taking the power away from the developing, G77 countries of the UN who were the majority voices of the UN and ILO codes. This power being held within the industrialized states is showcased through a report of ILO Working Group on the draft mentioning that the OECD Guidelines were used as a reference in the drafting of the ILO

---

[130] Report of *Reconvened Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy*. 4.7 April 1977, Geneva. paragraph 2. ILO Archives. File: MNE/1977/D.8.
[131] Report of *Reconvened Tripartite Advisory Meeting*, ILO Archives.
[132] See: "Draft United Nations Code of Conduct on Transnational Corporations". 10-21 May 1982. Geneva. UN Archives. File: E/C.10/1982/6 and Günter, *The Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.*
[133] Günter, Hans. "Minute Sheet to Mr. Bolin. DGA/TEC The Director General" 8 May 1985, New York. ILO Archives. MULTI Rel 2-1-1 APB3.
[134] Thomas Hajduk, "An 'Instrument of Moral Persuasion'Multinational Enterprises and International Codes of Conduct in the 1970s," in *Code of Conduct on Transnational Corporations: Challenges and Opportunities*, ed. Mia Mahmudur Rahim, CSR, Sustainability, Ethics & Governance (Cham: Springer International Publishing, 2019), 33.

Declaration[135]. In the ILO Reconvened Tripartite Advisory Meeting, there were multiple comments, namely by USSR, that there were many similarities between the draft text of the ILO Declaration and the OECD Guidelines[136]. The UN had overlapping people sitting on both the Commission and the OECD negotiation sessions and all of the OECD Member States were represented in the UN session as well. There are many additional overlaps in the actual content of the codes, making it clear that these organizations were heavily influencing each other through the development process. This will be explored in greater detail in the next chapter.

This tight relationship between the three organizations not only shows in the influence of their development processes, but also in the content and outcomes of the codes. There does appear to be a level of competition between these organizations, yet there is an equal amount of support and cooperation in their endeavors. Working together and showcasing a united front could help in the legitimacy and efficiency of their efforts. This connection point can be traced as an important mechanism which influences and alters the codes and later the outcomes of these codes.

4.5 Section Summary

The development process for each code followed a similar pattern in that each IO spent a significant amount of time studying MNCs and researching the effects of MNCs on the economy and human rights. Only after these studies, which largely were inconclusive, the IOs still decided to proceed with developing regulatory guidelines or codes, due to the external and internal pressures and perhaps as an opportunity to improve legitimacy. Separate entities were created with the charter to draft, negotiate, and develop these codes. The largest difference between these three codes was the time it took for this development process to occur. OECD and ILO were able to move fast due to the fact that they had a more homogenous audience with similar interests, in the case of the primarily industrialized Member States of the OECD, or that the scope of the code was smaller, in the case of the ILO. The US government had a strong vested interest in these codes, and therefore played a strong role in the negotiations. However, MNCs were never involved directly in the development of these codes, an interesting insight implying that the MNCs were not influential stakeholders in this process. The internal and external pressures on the IOs to regulate MNCs showcases the attention and scrutiny on MNCs during this time and provides an opportunity for IOs to improve their reputation and legitimacy by embarking on endeavors to develop codes or other instruments to regulate and control

---

[135] *Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy.* 4-12 May 1976. Geneva. p. 30. ILO Archives. MNE/1976/D.12.
[136] Report of *Reconvened Tripartite Advisory Meeting*, ILO Archives.

MNCs. The IOs heavily influenced each other as well, in both a competitive and supportive way as these codes were being developed.

Fig. 03 Comparison Chart – Development of Codes

	UN Code	**ILO Declaration**	**OECD Guidelines**
Development Process (Similar approach, speed and efficiency varies)	20 years - Long, tedious and contentious	6 years – large breaks in between quick progress years	5 years – Quick, multiple meetings in quick succession over 2 years
Key Actors and Stakeholders (Primarily Member States – MNC representation minimal)	Developed/Western, developing, and Soviet countries	Primarily developing countries, workers and employers orgs, developed countries	Primarily developed, Western countries with similar interests (OECD Member States)
Pressures/Influences (Research symposiums, Conferences, External and internal – scrutinize MNCs)	Group of Eminent Persons, NIEO, Charter for economic rights and duties of States	International Institute for Labour Studies and World Labour Conference	TUAC and other 3rd party reports
IO Relationships (UN, ILO, and OECD were tightly intertwined)	ILO and OECD delegates attend negotiations ILO representative to advise	UN using ILO Declaration in their Code UN delegates attend negotiations	UN delegates attended negotiations Adoption of Guidelines motivated other IOs to make quicker progress

Source: Own Illustration

5. The Features of the Codes

As the codes neared completion, the careful negotiations, concessions, and agreements served as a method to preserve the perspectives and interests of the governments and organizations that took part in the development. The codes themselves provide important insights into these interests and the power dynamics at play among the IOs, Member States, and other advisory influences. Although the codes claim that the intention of the IO is to regulate MNCs, they are also driven by the desire and need to stay legitimate in international governance and build reputation. The nuances within each code showcase this underlying motivation - how it is written, who it is addressing, and what topics it focuses on. In this chapter, I start with analyzing the perspectives and interests of the major actors of the negotiations, highlighting specific points of contention and debate, then I analyze how these perspectives are reflected in the text of the adopted codes. I will analyze the audiences of the code, the topics including a title analysis, and an analysis of the language and tone. For this analysis, the archived versions of the codes were accessed and evaluated. For the ILO and OECD codes, the first publicly announced version was analyzed. However, early versions of the drafted UN Code were unavailable because it never was publicly announced or implemented, however there was a draft from 1982[137], distributed at the Seventeenth Session of the Intergovernmental Working Group on a Code of Conduct, which was analyzed. The OECD Guidelines were published in a 21st June 1976 Press Release[138], which was used for this analysis. Finally, the Third Edition of the ILO Declaration[139] was analyzed, however any addendums and changes that were included after the original version were ignored in this analysis.

5.1 Contentious Perspectives

It is imperative to understand the perspectives and interests of the countries and organizations who were the main decision makers of these codes in order to gain a deeper understanding of the power dynamics and motivations at play. Understanding this can help to shine a light on the different outcomes and the factors that caused these differences. As it was established in the previous chapter, the OECD actors were primarily Western, industrialized countries and governments, who also played a major role in the UN and ILO negotiations. In addition, the

---

[137] "Draft United Nations Code of Conduct on Transnational Corporations". 10-21 May 1982. Geneva. UN Archives. AR 14.1903. Box 517. E/C.10/1982/6.

[138] "OECD Press Release: Declaration on International Investment and Multinational Enterprises". 21 June 1976. Paris. UN Archives. AR 15.1903. Box 464. File: PRESS/A(76)20.

[139] International Labour Office, ed., *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*, 3rd ed (Geneva: ILO, 2001).

UN and ILO actors included developing countries and Eastern, Socialist countries. Further, the ILO also included workers organizations and employers organizations as primary decision makers. The perspectives of these five groups, Western countries, developing countries, Eastern countries, workers organizations and employer organizations will be analyzed. It is important to note that there is some generalization here, as there were contentious points within these five groups, as well. However, for the context of this research, I will look at the general positions and interests of these five groups of decision makers and analyze how these views are reflected in the codes themselves.

The Western countries' perspective overall was very homogenous, as the OECD negotiations provided a platform to align their views and provide a united front for the ILO and UN negotiations. Regardless of the few areas of contention within the OECD negotiations, including the level of detail for disclosure of information and the strength of industrial relations and trade unions, there was a clear consensus of their main interests[140]. These countries primarily pushed the idea that the voluntary nature of these codes was a priority. The OECD report from the first meeting of the Committee for International Investment and Multinational Enterprises states that "most Delegates felt that such procedure would have to be a subtle one and that it would not be appropriate to attempt the establishment of a formal trial-type machinery."[141] In other words, they did not want a legal framework around any complaint procedure. Generally, the Western delegations did not want any legally binding obligations for MNCs and would consistently push for voluntary, non-enforceable principles for these codes[142]. Within the ILO and UN negotiations, they used the OECD Guidelines as an example, pushing the stance that MNEs should have obligations and responsibilities towards the host countries and vice versa[143]. The United States was specifically pushing this stance strongly in the ILO and UN negotiations. In the ILO Tripartite Advisory meeting report, it was stated that the US Delegates had reservations about the ILO creating the Guidelines in the first place, stating that the guidelines would have to be "(i) non-discriminatory with regard to international and domestic enterprises; (ii) voluntary; (iii) in consonance with relevant national and international law; and (iv) even-handed in assigning responsibilities to multinational

---

[140] Hajduk, "An 'Instrument of Moral Persuasion' Multinational Enterprises and International Codes of Conduct in the 1970s," p. 34.
[141] "Summary Record for the First Meeting" Committee For International Investment and Multinational Enterprises. 3-4 March, 1975. OECD Archives, Microfilm 465. IME/M(75)1.
[142] Hajduk, "An 'Instrument of Moral Persuasion' Multinational Enterprises and International Codes of Conduct in the 1970s," p. 36.
[143] Ibid.

enterprises, labor, and governments"[144]. In the 9th session of the UN Commission on Transnational Corporations, the Western countries emphasized that the Code should be balanced if it wants to enhance the positive contribution of transnational corporations to development[145]. To summarize, the position of the Western countries, especially USA, pushed for a voluntary, non-legally binding code. They did not want any difference within the codes between MNCs and other companies, regardless of ownership, practices, or size. They pushed for national treatment for MNCs and that MNCs should adhere to host country government policies. And after the OECD Guidelines were released, they pushed for the ILO and UN codes to resemble the OECD Guidelines as much as possible.

For the developing country perspective, stronger regulations towards multinational enterprises were desired. Unlike the Western countries, they wanted a legally-binding code and saw that without international governance on MNCs their governments and well-being of their citizens could suffer. In the ILO Tripartite Advisory Meeting, the Mexican Delegate showed strong hesitations towards the "international power of multinational enterprises" and stressed the importance that "a code of conduct should be in harmony with present international law"[146]. From the UN perspective, the developing countries, collectively called the Group of 77 (or G77), wanted the demands in the code to reflect the international law put into place by the New International Economic Order (NIEO)[147]. As was expressed in Chapter 3, the NIEO was not very popular among developed countries, as it was seen as unbalanced and favoring Eastern and developing countries. However, as the NIEO protected the developing countries, they saw opportunity in pushing the priorities already stated in the resolution to the code in development. However, interestingly, in the early UNCTC sessions, the G77 countries were reported to be "remarkably silent", and although they were in agreement on all major issues[148], they did not take as active of a role pushing their position in early UN negotiations as compared with the Western countries. The fact that the G77 countries were so silent at the beginning of the negotiations appears to suggest that they were either overshadowed by Western interests, or they were unclear and not united in their position at the start of the negotiations. However, the

---

[144] *Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy*. International Labour Organisation, Geneva, March 1976. MNE/1976/D.12. p. 12 para. 75. Accessed via: ILO LaborDoc

[145] *Report on the Ninth Session.* United Nations Commission on Transnational Corporations. 20 – 30 June 1983. UN Archives, E/1983/18/Rev.1. AR 14.1903 Box 314 p01.

[146] *Report of "TRIPARTITE ADVISORY MEETING ON THE RELATIONSHIP OF MULTINATIONAL ENTERPRISES AND SOCIAL POLICY".* International Labour Organization. p. 13 para 77. Accessed via: ILO LaborDoc.

[147] Hajduk, "An 'Instrument of Moral Persuasion' Multinational Enterprises and International Codes of Conduct in the 1970s.".

[148] Weisglas, Max and Dunn, Paxton T., *Fourth Session of the United Nations Commission on Transnational Corporations.* Vienna, 16 – 26 May 1978. UN Archives, AR 14.1903 Box 314 p01.

point was made quite clearly in the 9th session of the UNCTC that a key characteristic of the UN Code should be "strengthening host countries, particularly developing countries, in their dealings with transnational corporations"[149]. The interests of the developing countries lie quite clearly in establishing strong boundaries towards MNCs. The corporations were seen as a threat by this group, a threat that is too powerful for developing country governments to handle. These governments needed guidance, strength, and direction in handling the rising MNCs entering their country.

The Eastern European and Soviet perspective provided a unique position to these negotiations. They took the chance to highlight the negative impacts of MNCs and used the rising distrust in MNCs to blame capitalism as the driver of MNCs and the reason of these negative impacts[150]. Interestingly, they too had state-owned enterprises that were operating overseas, but they had no desire for these state-owned enterprises to be included within these negotiations or concurrent codes[151]. During the ILO Tripartite Advisory Meeting, the USSR Government member stated that there was "no equal responsibility for all three sides. Owing to their economic power the transnational corporations occupy a stronger and even predominant position as compared to the trade unions, and in a number of cases in comparison with governments. Hence responsibility in the social sphere should rest primarily and mainly on the transnational corporations." Although the Eastern Socialist countries blamed capitalism as the driver of MNCs, their position was still held firmly in the respect that it should be the MNCs' primary role to assume the responsibility for their actions. They had a strong desire to separate themselves and their corporations from the scope of the code, which became a large area of debate within the UN negotiations.

Although the worker and employer voices ultimately had minimal decision-making power within the UN and OECD, they were still relevant as voices of advisors and experts, and additionally they were imperative to the ILO negotiations, so it makes sense to analyze their perspectives and track how they are reflected within the codes. Not surprisingly, the Workers' position follows very closely to the developing countries' position. In a report of a worker's statement during the ILO negotiations, it was stated that there was a need to "establish principles which would lead to control of the multinational enterprises through effective and

---

[149] *Report on the Ninth Session.* United Nations Commission on Transnational Corporations. 20 – 30 June 1983. UN Archives, p. 23 para. 58. AR 14.1903 Box 314 p01. E/1983/18/Rev.1.
[150] Hajduk, "An 'Instrument of Moral Persuasion' Multinational Enterprises and International Codes of Conduct in the 1970s.".
[151] Günter, Hans. "Minute Sheet" Eleventh Session of the Commission on Transnational Corporations. 8 May 1985. New York. International Labour Organization. ILO Archives. MULTI REL 2-1-1.

legally binding machinery enforceable at the international level."[152] The Workers position was for strong and enforceable regulations against MNCs and stressed that MNCs were not a positive factor for the world economy, instead required consistent global guidelines which needed to be enforced by an international organization. Expectedly, the employer perspective was the exact opposite of this position and aligned with the Western country interests much more closely. In the same ILO report, the employer statement shared that the studies on MNCs have not revealed any data-driven problems with their existence or suggested that they were negative for economic development. They also point out problems with treating MNCs differently than any other national companies with different types of ownership, and that the government of the host country should handle and determine the outcome of any conflict with MNCs, there was no need for any higher-level regulations or guidelines[153]. These two camps of thought, i.e the Employers and Western country position and the Workers and developing country position, are near opposites, which shed light onto why the negotiations for UN and ILO took longer than the OECD. However, it should be assumed that both camps of thought should be reflected in the codes themselves, and if they are not reflected evenly, it will give insights as to who was in a more powerful position during the negotiations, which can help to understand the differences in outcomes.

5.2 Title and Audience Analysis

Titles are often overlooked, yet important, elements of legal documentation that provide a peek into the motivation, goal, or purpose of the document. In the case of these codes, each code has very important and distinctive titles that are worth analyzing within this context. With a deeper analysis of the titles of these documents, connections might be drawn relevant to the development and motivation behind each code.

The OECD document is titled: "Guidelines for Multinational Enterprises" and is one of three documents that are part of a package titled "Declaration on International Investment and Multinational Enterprises". The full title of the ILO Declaration is: "Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy". And the UN Code is titled: "Code of Conduct on Transnational Corporations", however it should be reiterated there that this code was never published, therefore this title may have changed or not been finalized within the draft version that was analyzed. There are a few interesting points to highlight. First the terms "Guidelines" and "Principles", both do not represent obligation. These terms are not as

---

[152] *Report of "TRIPARTITE ADVISORY MEETING ON THE RELATIONSHIP OF MULTINATIONAL ENTERPRISES AND SOCIAL POLICY".* International Labour Organization. p. 13 para. 78.
[153] Ibid., p. 14 para. 84.

strong or strict as the terms "Code" or "Law", and this is a clear connection to the hesitancy of the Western countries to have any legally binding obligation towards these codes. Furthermore, "Multinational Enterprises" are used in both the OECD and ILO titles, where as "Transnational Corporations" was preferred by the UN. The difference between these two terms is small, but there could be some significance with the choice of these terms in relation to which types of corporations are included within this context of each code. Lastly, there is an indication of the priorities of each IO represented within the titles. The ILO title includes "Social Policy", while the OECD Declaration includes "International Investment". This hints at, not only the priorities of the IOs, but the preferences and interests of the major voices within the negotiations.

The target audience, or in this case those that are being addressed by each code, are an important element to understand. Who exactly are these codes talking to and how does this connect to the outcome of each code? The OECD Guidelines state "The Member countries set forth the following guidelines for multinational enterprises"[154]. These guidelines do explicitly address multinational enterprises, but they go into no further detail about who exactly is included within this statement. In addition, it is important to note that the other documents that are part of the "package" of the OECD guidelines are not addressed to multinational enterprises. Instead, the other four sections of this package are addressed to the Member States directly. The National Treatment, International Investment Incentives and Disincentives, Consultation Procedures, and Review sections provide written documentation on procedures and expectations of the Member States when engaging with MNCs and are not directly addressed to the multinational corporations at all. This could lead to the assumption that, although the guidelines are targeted towards MNCs, it is hidden within the broader declaration addressed to Member States, which shows that perhaps the most important audience is not MNCs at all, but rather Member States. Of course, there is a motivation to regulate MNCs, but there is also clearly a motivation to give Member States the tools necessary and the legitimacy to help in the dealings with MNCs.

The ILO Declaration also first addresses the States Members directly, as well as employers' and workers' organizations, but they address directly the MNCs, as well. The ILO Declaration states that this document "invites governments of States Members of the ILO, the employers' and workers' organizations concerned and the multinational enterprises operating in their territories to observe the principles embodied therein."[155] In addition, throughout the ILO Declaration, multiple paragraphs switch addressees. For example, in the 'Security of

---

[154] "OECD Press Release". UN Archives.
[155] Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, p. 1

employment' section, paragraph 24 is addressed to governments, then later addresses MNCs, whereas paragraph 25 addresses both MNCs and national corporations[156]. The ILO balances the target audiences better by addressing Member States and MNCs evenly, this could be explained by the Tripartite structure ingrained in the ILO or their desire to stay relevant within this area in the eyes of the Member States and MNCs together.

The UN Code has a similar target audience as the ILO and directly addresses "Transnational corporations" in many paragraphs throughout the draft Code. Similar to the OECD Guidelines, there are large sections discussing Treatment of Transnational Corporations, Intergovernmental Co-operation, and Implementation of the Code of Conduct which are directly addressed to the States and governments or establishing the role of the UN itself. For example, one paragraph states "The United Nations Commission on Transnational Corporations shall assume the functions of the international institutional machinery for the implementation of the Code."[157]. The UN is asserting itself to both the MNC audiences and the State audiences as the international institutional machinery, which could mean that the UN wanted to legitimize itself to the audience by taking the role of implementing the code. The target audiences of these documents, being fairly balanced between MNCs and Member States, give insight into the dual motivation of hoping to regulate MNCs, yet at the same time establishing legitimacy and power within themselves and their Member States.

5.3 Topic and Structure Choices

Each of these codes have their own unique structure and organization, although there are areas of strong resemblance between the three. The structure and topic choices that were made in the final versions of these codes provide insights into which topics were of the greatest priority to each organization and their Member States and main actors. Interestingly, there was little evidence in each of the three IOs of discussion and debate about the specific topics that would be included within the respective codes. In general, the theme was that the secretariat of the organizations decided among themselves which topics would be included, likely based on past efforts from the organization and demands from external influences, as mentioned in the previous chapter. Regardless, it is important to analyze the structure and topics to gain an understanding of the IO and key actors' main priorities.

The OECD Guidelines was published as a "package" of topics, yet also included many sub-topics within the Guidelines itself. At the top-level, the structure of the "Declaration on

---

[156] Ibid., p. 5.
[157] Draft United Nations Code of Conduct on Transnational Corporations, p. 18. UN Archives.

International Investment and Multinational Enterprises" is: I. Guidelines for MNEs; II. National Treatment; III. International Investment and Incentives; IV. Consultation Procedures; and V. Review[158]. It was a very strategic decision to not make the OECD Guidelines a stand-alone document, but rather a supporting document of a wider effort. The Guidelines were then structured into 8 sections: Considerations, General policies, Disclosure of information, Competition, Financing, Taxation, Employment and Industrial Relations, and Science and Technology. Generally, these sections reflect the OECD priorities of economic cooperation, focusing mainly on themes of economics, as opposed to social topics. The Disclosure of Information section was a source of debate during the negotiations, especially from the U.S. position which felt that too much disclosure of information would make MNEs lose their competitive advantage or be used by governments for tax purposes[159]. In the end, the agreement that was reflected within the Guidelines was that the disclosure of information by geographical area would not be country specific, but rather would be based on what makes sense for the individual enterprises[160]. This decision adds ambiguity to the guidelines. The more ambiguous the guidelines, the less helpful they will be in regulating MNCs in any tangible circumstances.

Unsurprisingly, the ILO Guidelines focus on topics that are structured around labor and social issues. The topics included in the ILO Guidelines are: General Policies, Employment, Training, Conditions of Work and Life, and Industrial Relations. These topics are not only a reflection of the ILO priorities, but also reflect the views and interests of the developing countries and worker organizations. The developing countries were the majority voice in the ILO negotiations, which implies that there is a connection between the purpose of this declaration and the desires and political interests of developing countries.

The UN Draft Code was organized in five distinct parts: Definition and Scope of Applications, Activities of Transnational Corporations, Treatment of Transnational Corporations, Intergovernmental co-operation, and Implementation of the Code of Conduct. the Activities of Transnational Corporations were split into three additional sections: General and political; Economic, financial and social; and disclosure of information[161]. Interestingly, the UN Draft Code tries to encompass all topics that are separately tackled in the other two codes. It includes topics of human rights and fundamental freedoms, such as consumer

---

[158] "OECD Press Release", p. 3-4. UN Archives.
[159] Schwamm, Henri. "The OECD Code For Multinational Enterprises: Its nature, scope and importance".
Speech given at the invitation of the Sperry Rand Corporation. Zürich. 28 Sept 1976. UN Archives. Box 464. Pg 5-6.
[160] "OECD Press Release", p. 9. UN Archives.
[161] "Draft United Nations Code of Conduct on Transnational Corporations". UN Archives.

protection, that the OECD does not mention[162]. For Definition and Scope to get its own section in the UN Draft Code showcases how important this topic was for the Member States, most likely because this defined who would be affected by this code and how severely. Throughout the Draft Code, there is indication on which paragraphs were completed and which were still being finalized. In this 1982 version, there were 45 paragraphs of 71 total paragraphs that still had non-finalized elements. The Definition and Scope section and the Treatment of Transnational Corporations section had zero paragraphs that were finalized by this draft version. This suggests that the Member States held these two sections quite high in significance, and that the questions of *who is affected* and *how are MNCs treated* held a certain level of power and strength among the negotiators.

5.4 The Definitions Debate

As it was expressed earlier in the chapter, the Eastern and Socialist countries had a strong desire to set their state-owned enterprises apart from the multinational enterprises that were receiving the primary attention with these code negotiations. This brought a major contentious topic of debate, especially among the UN negotiations, specifically about the scope of these codes and how to define multinational corporations, which can provide interesting insights.

With the UN Draft Code, the contention on this topic is quite apparent. This document attempts to give a full legal definition of "transnational corporations", and within the draft, there are two options, which were clearly discussed and debated during this version of the code negotiations. The primary difference between the two is a particular set of words that appear in one option and not in the other, these words are "of public, private or mixed ownership". This contentious phrase showcases that the ownership of the entity was the primary sticking point for the USSR and Eastern countries. It was stated in a 1984 memo from the Executive Director of the UNCTC, Sidney Dell:

"Developing countries and socialist countries have accepted a formula proposed by the Chairman whereby the Code 'would apply to all enterprises having certain transnational characteristics regardless of their ownership'. The OECD countries consider that this formula leaves a certain ambiguity and would like to see further clarification of the drafting to make it clear that state-owned enterprises are included. The socialist countries have indicated that they are prepared to explore the possibilities for removing this ambiguity, subject to a satisfactory outcome of the negotiations on other outstanding issues in the Code."[163]

---

[162] Hajduk, "An 'Instrument of Moral Persuasion' Multinational Enterprises and International Codes of Conduct in the 1970s.".

[163] Memo from Sidney Dell to Mr. S. U. Yolah. Subject: The Reconvened Special Session of the Commission on Transnational Corporations. 8 June 1984. Reference: EO/407. UN ARMS. S-1048-0021-0002-00001 C.

This definition debate was a quintessential point of power dynamics, as the Eastern countries were using this debate as a tool to get better outcomes on other issues of the code negotiations. This powerful debate demonstrates how a contentious topic was used as a negotiation tactic and as a tool for building power within the negotiations which transpired into the draft Code itself.

The OECD Guidelines, as well as ILO Declaration decided to ignore the topic of providing a legal definition all together[164]. Using very similar, and in some places verbatim, language, both codes state that ownership type, degree of autonomy, and differences in control do not make a difference within this statement and the guidelines set in these statements will apply to all the various types of entities. In fact, both documents take it a step further by stating that this statement does not aim to make any differences between multinational and national enterprises[165]. For the OECD guidelines, this position makes sense, given that this was the main position of the Western countries, who were the primary actors of the OECD negotiations. However, it is much more surprising for the ILO Declaration, who had much stronger developing country participation. Granted the Eastern country perspective was much weaker during the ILO negotiations, and perhaps the developing countries did not have as strong of a preference about this specific topic, which could be a reason why the Western perspective ended up being the reflected in both the ILO and OECD codes. However, the explicit statement that multinational and national enterprises should not be handled differently gives evidence that there is no difference between multinational and national enterprises and thus should not actually be governed differently. If the main motivation was to regulate MNCs and minimize the negative consequences of MNCs on the host countries, as was stated in both documents, which appears to be misleading to then state that MNCs and national enterprises should be handled and treated identically.

5.5 Aim Statements

Although legal documentation often has a typical and fairly standard set of language and jargon, there is still value in analyzing the language used, especially within the statements of purpose and aim. Within the OECD Guidelines and the ILO Declaration, there is an explicit statement signifying the purpose of the following document. The aim statement of the OECD Guidelines is as follows:

---

[164] Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy. p. 2-3, para 6. And "OECD Press Release: Declaration on International Investment and Multinational Enterprises" pg. 6-7, para 8.
[165] see ILO Declaration- para. 11 and OECD Guidelines- para. 9

"The common aim of the Member countries is to encourage the positive contributions which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise."[166]

The written aim statement in the ILO Declaration is as follows:

"The aim of this Tripartite Declaration of Principles is to encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise, taking into account the UN resolutions advocating the Establishment of a New International Economic Order."[167]

Seeing the two statements laid side-by-side, it is obvious to see that they are *verbatim*. The only difference is the remarks in the ILO statement about the UN resolution of NIEO. Of course, there was overlap in the main countries and actors involved in the negotiations of these two codes, however, it is striking to see how these organizations, with separate missions, purposes, and members, develop a verbatim Aim statement. The lack of originality naturally draws question to the validity of this purpose. At face value, the statements do give the impression that the purpose of these documents is to drive positive contributions and minimize negative effects of multinational enterprises. Of course, this is a legitimate motivation, however the influence and interests of the Western OECD countries were very strong in the ILO Declaration. Without the Western OECD country support, their legitimacy in the international governance sphere would decline, and with using the exact same purpose statement in the ILO Declaration as the OECD Guidelines published a year prior, it is a clear indication that the ILO had additional motivations than what was said in the document.

The inclusion of the NIEO is an interesting aspect of the ILO aim statement. The ILO is an agency of the UN, and the choice to include this UN resolution in the aim statement, knowing that the perception of the NIEO was very mixed after its adoption, was an important move to bring legitimacy to the NIEO, and thus the UN, as well as to their own organization. It could be assumed that there was a level of compromise, using the purpose statement proposed by the Western countries, yet also including a nod to the UN resolution, of which some major Western countries were not fond.

Within the language of the statements, there is evidence that there are more complex purposes of these documents. First, the word 'encourage' is used, a positive, but non-obligatory word, already hinting at the voluntary nature of the document. This is further hinted by use of the words "may" and "can" and "various", also words that showcase ambiguity. The term "economic and social progress" is also quite a broad, and thus vague term. In addition, choosing

---

[166] "OECD Press Release" p. 5, para 2. UN Archives.
[167] *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy* pg 2, para 2

to describe the "positive contributions" before the "difficulties" in the sentence brings more power and emphasis on the positive contributions of multinational enterprises, compared to the negative effects. All of these language and grammar choices are subtle but tell an important story. Keeping things vague, high-level, and focused on the positive aspects is the overall orientation of these two documents. This orientation does follow through both documents. The ambiguity of the purpose of the documents is a direct reflection of the Western country perspective and further shows that the intention of these documents is more complex than regulating multinational corporations, it is also about the reputation and legitimacy of the international organizations and the powerful countries involved.

5.6 Section Summary

This section dealt with the specific features of the codes and how these elements reflect the desires and interests of the specific actors and voices that were essential in the negotiations. The perspectives of the Western, Developing, and Socialist countries were contentious and at times entirely opposite. The target audience for these codes were, of course, multinational corporations, yet an equally prioritized audience were the governments and Member States themselves, showing that these codes were designed as a tool of legitimacy for the governments, Member States, and IOs. The structure and topics reflect the interests of the majority voices of the Member States and the mission of the IOs, however it shows that adding ambiguity in topics of contention is a tool to get consensus, but also makes the document less tangibly helpful. The definitions debate showed a highly contentious point among negotiations, especially in the UN Code, as the Soviet countries, who did not want their state-owned countries to be obliged to these codes, used this issue as a power tactic in the negotiations, and the Western countries used to take the focus away from multinational corporations. Lastly, the aim statements of the OECD Guidelines and the ILO Declaration were identical, except for the inclusion of the UN NIEO in the ILO Declaration, showing not only the Western country power and UN influence over the ILO Declaration, but also proves that the purpose of these codes are not only about the multinational corporations.

Fig.04: Comparison Chart -Features of the Code as Reflections of Member State Interests

	UN Code	ILO Declaration	OECD Guidelines
Title	"Code" –obligation	"Declaration of Principles" –no obligation	"Guidelines" –no obligation
Audience	Member States and MNCs	Member states, worker/employer orgs, MNCs and national corporations	Guidelines address MNCs Other 4 parts of Declaration address Member States
Topics and Structure	Balance between all economic and social policy topics	Topics specific to labor, industrial relations and social policy	Primarily economic topics – taxation, disclosure of info, etc.
Enforcement	Voluntary	Voluntary	Voluntary
Definition of MNC	Never agreed – contention of including "state-owned enterprises"	No definition needed - Incorporates all enterprises	No definition needed - Incorporates all enterprises
Aim Statement (written purpose)	No Aim Statement agreed or written	First half of statement verbatim to OECD Guidelines Mentions NIEO	Ambiguous statement with non-obligatory terms

Legend:
Reflection of Western/Industrialized country interest
Reflection of Developing country interest
Reflection of East/Soviet country interest
Reflection of all interests
No direct reflection

Source: Own Illustration

6. The Outcomes of the Codes

As the codes were being adopted (or abandoned), the organizations spent a significant amount of time on the promotion and follow-up activities for these codes, so that the codes, and thus the organizations themselves, would remain relevant and continue to build reputation. However, the results of these codes are very mixed and have had very little success at tangibly regulating MNCs. In this chapter, I explore the aftermath of the codes. Since the ILO and OECD codes were officially adopted, I have analyzed them separately from the abandoned UN Code. For the ILO and OECD codes, I explore the promotional activities and follow-up surveys performed by each organization, as well as enforcement measures, early revisions, and tangible outcomes. Then I review the public responses for each of the codes. Alternatively, for the UN Code, I analyze the influences and effects of the years leading up to the abandoned Code in 1992, reviewing how the UN internally and externally manage the abandonment of the Code. The aim of this chapter is to identify how the patterns and factors identified in the previous chapters have carried through to the outcomes and aftermath of these codes, paying close attention to the differences between the three codes in the way they were received and adopted by the world. For this section, primary sources of newspapers, media articles, follow-up reports, and organizational reports will be consulted, as well as secondary academic sources.

6.1 After the Adoption of the ILO and OECD Codes

6.1.1 Promotional and Follow-up Efforts by ILO and OECD

Immediately following the adoption of the OECD Guidelines in 1976 and the ILO Declaration in 1977, both organizations disseminated the documents to their respective members and quickly realized that follow-up activities were needed to promote the codes and to track how the codes are being utilized and received by the stakeholders. In 1978, the ILO decided at the 205th session to implement a follow-up procedure, in which a questionnaire would be distributed to Member States, workers' and employers' organizations, asking in depth questions about the degree of acceptance and overall reactions to the ILO Declaration[168]. The questionnaire was over 30 questions that pertained directly to individual paragraphs or sections within the ILO Declaration[169]. Following the reception of the completed surveys, a report was

---

[168] "Summary of the Reports on the Effect given to the Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy", 1979. Geneva. ILO Archives. File: GB 209-100-2.
[169] Ibid.

created by a working group of the Committee on Multinational Enterprises[170]. Every three years, surveys were sent out, and reports summarizing the responses were created. Responses rates improved every year, starting at 43 percent in 1980 and hitting almost 50 percent by the third one in 1986[171]. The purpose of these follow-up surveys was stated clearly in the report following the second round of surveys, "All ILO follow-up on the Declaration had a promotional objective, namely, to foster understanding and implementation of the principles of the Declaration."[172] In 1993, there was a large effort to disseminate the Declaration directly to the 100 largest MNCs and get feedback from them about how they are using the Declaration[173]. Although there were very few responses, this effort was one of the only actions found where the IO directly contacted MNCs.

The OECD disseminated the Guidelines to the Member States and encouraged the countries to distribute to ministries and public organizations and brought in front of the public by press releases and briefings and through inclusion of official governmental publications[174]. For example, the United States published the Guidelines in the Department of State Bulletin in July 1976 and the United Kingdom published them in a white paper with a foreword by the Secretary of State for Industry[175]. After three years of the original adoption date, the IME conducted a review at a meeting of the OECD Council at Ministerial level. In June 1979 this meeting was conducted, and a report was developed based on the findings[176]. After this first Review Report, there was a Mid-Term Report created in 1982 and another Review Report created in 1984[177]. In addition, in 1978, BIAC conducted a survey the check how Member States followed the guidelines on Disclosure, which was sent to all the MNCs that participated in BIAC Organizations within the OECD countries, of which 18 replied[178]. These promotional and follow-up efforts conducted by the ILO and OECD after the adoption of their respective codes were an important method of disseminating the codes, making them known to more stakeholders, which in turn improved the legitimacy of the codes and provided the

---

[170] *The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy Ten years after.* Geneva, 1989, ILO Archives, Accessed: ILO Labour Doc
https://www.ilo.org/public/libdoc/ilo/1989/89B09_132_engl.pdf .
[171] Ibid.
[172] "Report of the Committee on Multinational Enterprises", 14 Nov 1983. Geneva. ILO Archives. File: GB.244/MNE-101-1.
[173] See File: MULTI-DCL-14. ILO Archives.
[174] Roger Blanpain, *The OECD Guidelines for Multinational Enterprises and Labour Relations 1976-1979. Experience and Review* (The Netherlands: Kluwer, Deventer, 1979).
[175] Ibid., p. 63
[176] "OECD International investment and Multinational Enterprises: Review of the 1976 Declaration and Decisions". 1979. Paris. OECD Archives.
[177] "The OECD Guidelines for Multinational Enterprises". 1986. Paris. OECD Archives.
[178] Blanpain, *The OECD Guidelines for Multinational Enterprises and Labour Relations 1976-1979. Experience and Review*, p. 91.

organizations with feedback utilized in the implementation, enforcement, and revisions of the codes.

An important observation of this survey method of promotion and feedback for both organizations are that they are being conducted by the organizations themselves and asking their Member States, which provides a big opportunity for biased results. Logically, it can be assumed that the Member States of each organization would answer the follow-up surveys in a more positive light since it is a reflection of the organization in which they participate. The answers to this follow-up survey reflect both the IO and the Member States that were involved in the negotiations, so it would be in their best interest to highlight the best parts of the code. Although there were a few resolutions and changes that were made based on the results of these survey reports, it appears that the main reason for this effort was to promote the codes and improve the reputation of the IOs. MNCs were never asked for their feedback within these efforts. This shows that the motivation and reason for these follow-up activities were not specific to the MNCs, but instead were a method to promote the IO, disseminate the code, and improve legitimacy and reputation within the organizations.

6.1.2 Tangible impact of Codes: Cases and Interpretations

The voluntary and non-legally binding nature of these codes make it difficult to track and measure the true impact of these Codes, however there are a few recorded cases and interpretations where Committees on the OECD or ILO offered interpretations and suggestions concerning a case in which a multinational acted in question based on the codes. As of 1979, the OECD had three cases brought by Member State Governments and 15 issues brought up by TUAC[179]. The three Government cases prove to be more substantial because, according to the Intergovernmental Consultation Procedures, an 'exchange of views' with the IME is required on the request of Governments, whereas the issues raised by TUAC may or may not be discussed by the IME.

The first of these cases, called the "Badger Affair" followed the Belgian subsidiary of the US-owned company "Badger Co. Inc. All the decision-making power is based in the US parent company, who decided at the end of 1976, that the Belgian company would close down and in January of 1977, employees were terminated via letters. According to Belgian law, Badger Co. was obliged to compensate the employees, but they company refused to pay all the compensation according to the law[180]. This was brought by the Belgian government to the IME

---

[179] Ibid., p. 123.
[180] Ibid., p. 129–31.

Committee of the OECD. The committee refused to involve itself directly in the case, however it issued a general statement strongly hinting that the parent company should be obligated to pay according to the government's laws, which was enough for Badger to reach agreement and to pay additional compensation, as well as taking some employees at the Dutch subsidiary[181]. This case provides interesting insights given that on one hand, it can be viewed as a triumph of the Guidelines and the Consultation Procedures, in which the MNC changed their behavior in the interest of the workers and government, based on the statement released by the IME. This could mean that the Guidelines do have quite an influential effect on the actions of MNCs. On the other hand, the Committee did not specifically get involved in the case and kept a degree of separation in releasing the vague statement, which shows, in part, that the Committee was more interested in self-preservation than influencing the behavior of the MNC. The MNC could have chosen to not follow the statement and not pay up, without any legal consequences or any consequences for the OECD. Therefore, it is difficult to determine the real impact of this case and the other cases that followed, however the sheer fact that there were cases and governments did come to the OECD for Consultation brings a higher level of reputation and legitimacy to the OECD, the IME Committee, and the Guidelines.

After the first follow-up survey, the ILO implemented a procedure for disputes similar to the OECD's Consultation Procedure. Between 1980, when the procedure was implemented and 1990, there were 18 issues for international action, one of which was a formal request by a government[182]. From the 18 issues raised, there were two official interpretations adopted. The first interpretation was involving a US-owned bank operating in the United Kingdom, the bank closed and the employees were notified by the headquarters, but the representatives and union was not notified as they were not recognized by the bank. The ILO responded that the representatives and unions should be notified in advanced when the change in operations would have major employment effects[183]. The second interpretation was about a Belgian subsidiary headquartered in France, again regarding a collective discharge of its workers. The request was asking for clarification of the scope and purpose of the Declaration. There is very little evidence that the MNC behavior was changed by these statements and interpretations released by the ILO.

There are a couple important aspects to point out based on these examples. First, similar to how the economic and political environment affected the development of the codes, there is

---

[181] "Industrial Relations Europe" 1977. UN Archives. AR 14.1903. Box 313.
[182] *The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy Ten years after.*
[183] Ibid., p. 16.

a reflection of the economic landscape impacting these cases. Many of these cases occurred due to a site, subsidiary or plant closing in a host country, which was an economic trend during the recession of the late 1970s and early 1980s. In fact, in the 1983 ILO report after the second follow-up survey, it states "In the economic circumstances of the last few years, one should perhaps be gratified that so few closures had given any cause for complaint."[184] In this case the ILO is highlighting this as a positive outcome, relating the lack of complaints as a direct effect from the efficiency of the Declaration. One could also argue that the lack of formal complaints is due to the Declaration not being an effective way to get any results, thus not many formal complaints were submitted by Member States or trade unions.

Second, it is important to notice that many of the cases brought to the attention of the ILO and OECD were between industrialized countries. In other words, both the home and the host country of the MNC were in industrialized, Western countries, when there was a formal complaint or consultation brought to the attention of the OECD and ILO. Of course, this is not surprising for the OECD consultations, given that they would not actively discuss cases outside of OECD Member States, however it is much more noteworthy in the ILO, especially given that the majority of the Member States at that time were indeed developing countries. This is an interesting parallel in the case of ILO, given that the features of the Declaration reflected the interests of the Western countries more prevalently than the developing countries. Likewise, after the adoption, the Western countries are the entities that use the Declaration more tangibly compared to their developing country counterparts. These two observations based on the cases and interpretations of the codes shows that the tangible outcomes are difficult to measure given the lack of enforcement for these codes, however, there is a pattern between the cases that occurred, their outcomes, and the influences that played a role in the development and features of the code.

6.1.3 Public Response: Trade Unions and MNCs

An additional element of the outcome is the public response to the codes. What was the overarching reaction and response by the major stakeholders of the codes: unions, MNCs, research institutes, media? We have established how these entities played a role in the development of the codes, but how did they respond to the codes after they were adopted and public?

---

[184] "Report of the Committee on Multinational Enterprises". Geneva. 14 Nov 1983. ILO Archives. GB.244/MNE-101-1.

The trade unions attitude towards both the OECD and ILO code were quite negative. In general the trade unions did not consider the OECD Guidelines or the ILO Declaration detailed or strong enough, considering the voluntary nature of the codes would not have any valuable impact on the behavior of MNCs. According to the September 1979 issue of Multinational Service, "it would be fair to say that the trade union movement is, on the whole, less than satisfied with the Guidelines. What is the point of making guidelines watertight if there is no effective implementation mechanism?"[185] Likewise in a June 1977 *Economist* article, it is stated that the "Guidelines were toned down a lot – trade unions were unhappy, but still using them to the best of their ability."[186] In the statement given by TUAC immediately after the adoption of the OECD Guidelines, it was called a "first result of these endeavours" to mitigate the negative consequences of MNCs and International Trade[187]. However years later, in 1984, another statement was released heavily criticizing the OECD Guidelines, stating "OECD governments seriously underestimate the problems caused by increasingly blatant anti-union practices by a sizeable portion"[188].

In 1978, the ICFTU released a statement saying "we are very dissatisfied at the way the OECD Guidelines on Multinationals are working out", specifically noting the difficult that trade unions face in convincing the IME committee to take action against cases raised[189]. The trade unions, representing the workers and most often, the host countries, did not particularly react fondly towards the Guidelines, mostly pointing towards the lack of enforcement and strength as the problem. However, they did try to take these Guidelines and use them to the best of their ability by submitting consultation requests and interpretation requests to the OECD often, although without much success, which drove them to a worse outlook of the Guidelines over time.

The MNC reaction was quite interesting to the codes, given that they were largely disregarded in the development process and negotiations. In a 1976 Financial Times article headlined "After the Guidelines… Multinational play it cool on new rules", it is said that MNCs were largely ambivalent towards the Guidelines, disregarding them by saying "they had little fear from the new guidelines for behaviour […] claiming that in most cases they were already

---

[185] "Multinational Service: Background Document. Revision of the OECD Guidelines for Multinational Companies". 27 September 1979. Geneva. UN Archives. AR 14.1903 Box 313 p02.
[186] "Chasing the Multinationals: The OECD guidelines for multinationals are, after all, being given some real effect". *The Economist.* 4 June 1977. UN Archives. AR 14.1903 Box 313 p01.
[187] "The Reactions of the Industry and Trade Unions" n.d., Paris, UN Archives. AR 14.1903 Box 313 p02.
[188] "Multinational Service: Background Document. Report on the 1984 Review of the 1976 OECD Declaration and Decisions on International Invetment and Multinational Enterprises" 25. May 1984. Geneva. UN Archives AR 14.1903 Box 313 p02.
[189] "Multinational Service: Trade Union Challenge" 15 March 1978. Geneva. UN Archives. AR14.1903 Box 313p01.

conforming to the practices being advocated."[190] Some MNCs avoided commenting, but companies like ICI, BP, Shell, and Akzo publicly welcomed the new code. In 1984, the Institute for Research and Information on Multinationals (IRM) conducted survey research on MNC attitudes toward universal codes. Although the report created by the IRM succeeding these surveys was not found, a brief analysis of the survey responses shows that many of the companies who responded found that the codes do not play a role in their business activities and do not have a high priority in their organization. However, an interesting quote from Bosch's survey is as follows:

"It improved the public image of multinationals because the codes established reasonable well-balanced rules which – although voluntary – supported strengthening the basis of mutual confidence between States and foreign enterprises"[191]

Interestingly, the ILO made an effort in 1993 to directly reach out to the 100 top MNCs and encourage them to fill out a survey about how the ILO Declaration was being utilized, however there was a shockingly low number of replies from the MNCs and no formal report was created with the responses that were received[192]. Overall, it appears that the MNCs generally were ambivalent towards the efforts around Universal codes of conduct and complied, when necessary, but did not change their behavior or were affected in any significant way.

Analyzing the public responses of the trade unions and the MNCs provides interesting insights into the perception of these codes from different audiences. The trade unions posing a negative view and the MNCs showcasing an ambivalent and sometimes positive perspective about the Guidelines begs the question of who actually benefitted from the creation and adoption of these codes? From the follow-up and promotion activities by the IOs to the cases and consultations to the public responses of the codes, they were not *only* created to reduce negative consequences of MNCs, as these codes express. In addition, there is a benefit to the IOs and Western countries that came as an effect from these codes, in that they were able to regain some power, influence, and reputation that they had lost in the early 1970s.

6.2 What happened to the UN Code?

The recount of the development of the UN Code that I provided in Chapter 4 finishes in 1983. For this Outcomes chapter, I explore more closely the events and reactions in the 1980s to

---

[190] "After the Guidelines…Multinationals play it cool on new rules" Financial Times. 23 June 1976. UN Archives. AR14.1903 Box 313p02.
[191] IRM Survey Response: Bosch. Pg. 3. UN Archives. AR 14.1903 Box 462.
[192] See: ILO Archives. MULTI-DCL-14.

early 1990s which led to the abandonment of the UN Code in 1992. After the IWG ended its charter in 1982 without reaching its mandate, there was a letter sent from Geoffrey Hamilton, a researcher at the IRM who was conducting research about the codes of conduct and attended the negotiations as an observer, to the Institute of International Rights of the University of Kiel saying that "interest in drawing up a Code of Conduct is waning drastically", specifically the developing countries[193]. This was the earliest evidence found where the comment was made that the motivation behind writing the code was decreasing. This was not just a rumor either, after the failure of the 1983 Special Session of the Commission, an internal UN Info Bulletin was released saying that "although not necessarily admitted publicly, the industrialized nations and, even more so, the developing countries, have strong reservations regarding the usefulness of such a Code"[194]. In 1984, an internal memo was sent saying "there is widespread feeling among delegations at present time that a pause in negotiations is needed."[195] In Hamilton's IRM report, the lack of enthusiasm from the developing countries comes from not the "lack of will to control multinationals so much as their incapacity" [196]. He points to the loss of power of OPEC and the world economic crisis as main reasons, yet he also points out that there were so many "concessions won by the industrialised countries inside the UN that LDCs no longer see any tangible benefits accruing to them as a result of a code of conduct."[197]. As developing countries were experiencing economic recession and needed the FDI, the motivation behind the codes decreased. Yet, interestingly, as soon as there was a lack of motivation and a lack of benefit for the developing countries to create the code, the effort lost its power and ability to improve the legitimacy and reputation of the UN and the industrialized countries.

Even more interesting was that this message was completely altered externally. In 1984, the same year that the IRM report and internal memo was sent highlighting delegates' hesitations to complete the code, a public press release was published stating almost the exact opposite. The headline of this press release was "Chairman Stresses Importance of

---

[193] Hamilton, Geoffrey. Letter to Herr Michael Meyer, Institut für Internationales Recht. Paris. 26 May, 1982. UN Archives. AR 14.1903 Box 517.
[194] United Nations International Business Council, "Information Bulletin No. 39". Subject: UN Code of Conduct on Transnational Corporations. New York. 25 May, 1983. Box 517.
[195] Memo from Sidney Dell, Executive Director to S. U. Yulah, Secretary General. "Subject: Status of the Code of Conduct on Transnational Corporations." 21 Sept 1984. UN-ARMS. Reference: EO/554. Folder: S-1048-001-0002-00001.
[196] Hamilton, Geoffrey. "In Depth 1: International Codes of Conduct for Multinationals". 1984. Pg. 9. UN Archives. AR 14.1903 Box 517.
[197] Ibid.

Completing Draft Code of Conduct"[198]. Within this press release, many delegate statements were highlighted stating their priority on completing the code. For example, statements from German Democratic Republic, Belgium, China, United Kingdom, Nicaragua, Sweden, Uganda, and Egypt were highlighted in this press release showing support and encouragement for the completion of the code[199]. The internal happenings of the negotiations were completely altered when reported to the public. The UN saw the abandonment of this project as a sign of losing reputation and trust from its public constituents, so it chose not to transparently report on the true status of the Draft Code. The UN was not ready to admit defeat and handle the backlash that might come from that action, and so it presented a side which was neutral, if not positive, for the position and perception of the organization.

In 1987, the code was discussed again in a UN press release, however instead of the press release focusing only on the Code, as it had in 1984, there was only a small paragraph among the six-page press release sharing an update of the Code. In this paragraph it is stated that there are still many "benefits to be derived from a code of conduct" and after a round table in 1986, they will continue their efforts to complete this code[200]. The press release also discusses South Africa, who's institutionalized segregation policy called Apartheid had gained international attention, which had completely overshadowed the Code of Conduct and became the main focus of the UNCTC. In the same year, the Code of Conduct was starting to get public backlash in the US following an article published by *The Heritage Foundation*[201]. This 11-page article argues that the UNCTC is heavily biased against Western governments, organizations and companies and anti-growth, anti-free enterprise. It specifically called the Code of Conduct a "Double Standard" and a tool to "impose state regulation of TNCs"[202]. This article gained enough attention to cause the UNCTC to prepare press briefings and spiral into issue management. Although there were indeed some organizations that shared support towards the UNCTC, including the American Society of International Law, which employed the

---

[198] Press release. "Reconvened Special Session of Comission on Transnationals: Chairman Stresses Importance of Completing Draft Code of Conduct" 29 June 1984. Department of Public Information. UN-ARMS. Reference: TNC/308. Folder: S-1048-001-0002-00001.

[199] Ibid.

[200] Press release. "Commission on Transnational Corporations to Hold Thirteenth Session at Headquarters: To Discuss Code of Conduct and Disinvestment and Economic Sanctions against South Africa" Department of Public Information. 3 April 1987. New York. UN-ARMS. Reference: TNC/285. Folder: S-1048-0088-0003-00001.

[201] Pilon, Juliana Geran. "The Centre on Transnational Corporations: How the U.N. Injures Poor Nations". Backgrounder, *The Heritage Foundation.* 5 October 1987. Washington DC. UN-ARMS. Folder: S-1048-0088-0009-00001.

[202] Ibid. p. 3.

US Delegate who had an interview with the author of *The Heritage Foundation* article.[203] Regardless, this article caused the UNCTC to react and be on the defensive, which brought their own reputation and power into question.

Only a couple of years later, and after very little progress made in negotiations, in 1989, there was a realization that the economic and political world had changed so much since the 1970s when negotiations started that the draft was no longer relevant to present time[204]. In 1992, after the appointment of a new chairman, UN Secretary-General and UNCTC Executive-Director, there was a letter written describing an "administrative reorganization" of the UN, which made UNCTC lose "its independent status"[205]. This organizational change caused the UNCTC to become a division within the Department of Economic and Social Development, instead of its own Committee, which portrayed a very strong public message that the work of the UNCTC was no longer of high priority and adding relevance as it once had. Finally, at the forty-sixth session of the General Assembly on 21-23 July 1992, the UN Code of Conduct was officially abandoned, the report mentioning that "it was the view of delegations that no consensus was possible on the draft Code at present."[206] The UN Code no longer carried the same weight and power that it once had a decade and a half earlier, and without that power, the UN no longer needed to utilize it to gain reputation or trust and the industrialized countries no longer had to be involved in it to regain power.

However, as the economic and societal pendulum swings, the term 'Corporate Social Responsibility' was on the rise in the early 1990s, there was opportunity and power once again in developing a tool for regulating MNCs. The same UN report mentioned that a new approach would be explored, which perhaps turned into the UN Global Compact, which was the newest voluntary initiative for implementing corporate responsibility[207]. The OECD and ILO codes had a new surge of promotion and revisions in the late 1990s and early 2000s to regain some momentum and legitimacy[208]. The cycle continues and as new political and economic

---

[203] See UNARMS folder: S-1048-0088-0009-00001.

[204] G.r. Bassiry, "Business Ethics and the United Nations: A Code of Conduct," *SAM Advanced Management Journal (07497075)* 55, no. 4 (Fall 1990): p. 40.

[205] Letter from Stephen Brobeck, Executive Director to Boutros Boutros-Ghali, Secretary General. 14 February 1992. UN-ARMS. Folder: S-1082-0025-0007-00001.

[206] "Consultations on the United Nations Code of Conduct on Transnational Corporations". Report by the President of the forty-sixth session of the General Assembly. 14 Aug 1992. UN-ARMS. Folder: S-1082-0025-0007-00001.

[207] Ibid.

[208] See: *ILO Ten Years After*; "The OECD Guidelines for Multinational Enterprises", OECD Archives; *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*, 3rd Ed., 2001.

opportunities arise, the IOs and Governments will follow those opportunities with hopes of improving legitimacy, relevance, and reputation.

6.3 Section Summary

The outcomes of each codes were lackluster. For the ILO and OECD, there were many efforts for promotion and implementation of their respective codes, however, there was not many tangible effects to show for their efforts. The public responses to these codes were mixed, however the MNC reaction towards the codes were suspiciously apathetic, while the trade unions' response was of frustration, implying that these codes were not able to provide any tangible regulation or control of the MNCs that they were originally intended to do. The UN code lost steam in the 1980s, and although the UN did not want to damage their reputation by admitting it publicly until almost a decade later, they knew that the benefits that this code effort once held was no longer relevant. These dynamics, which have been reflected in each chapter thus far, showcase the complexity of factors that are involved in the outcomes of the codes. The economic atmosphere affects the political interests of the Member States, which is reflected in the codes themselves and the way that the IOs promote and use the codes. It is about regulating MNCs for some, but it is also equally about the drive for showcasing political interest and power, as well as improving the legitimacy and reputation of the organizations and country governments.

Internal and external efforts to promote the codes in ILO and OECD largely stopped after 1984, which coincides with the loss of support for the UN code and the economic and political environment that made codes not as beneficial to the IOs or any Member State governments compared to the 1970s. There was a clear lack of momentum in the 1980s for these codes in all organizations. However, it is not so likely that the MNCs did not need regulation in the 1980s, but rather the Governments and IOs did not see any benefit in regulating them. Thus, these codes are less about regulating MNCs, and more about the benefits, power, and legitimacy that it brings those that are creating and developing the codes.

7. Conclusion

This thesis aimed to answer the following research question: How and why did intergovernmental organizations attempt to regulate MNCs in the 1970s and how can the various outcomes of these efforts be explained? This paper argues that the universal codes of conduct created in the 1970s were primarily tools to build legitimacy, trust and reputation for the developed country governments and intergovernmental organizations, rather than an actual attempt at regulating, controlling, or reducing the negative consequences of MNCs.

The UN, OECD, and ILO were among the three largest and most influential intergovernmental organizations in the Post-War era. However, the geo-political and economic environment of the late 1960s to early 1970s were not kind to these organizations or the governments participating in them. Politically, there was skepticism of the strong state rising in Western countries as anti-communist ideals spread. In addition, there was a trend of developing countries in a stronger and more powerful position in the global political sphere as they started controlling their natural resources, specifically with oil. When the UN tried to step in and help with these conflicts, as seen in the Congo Crisis, there was significant backlash and damage to the UN reputation, which reverberated across other intergovernmental organizations. Economically, instability and high inflation rates were affecting every country, as the Bretton Woods System collapsed, and the Oil Crisis raged. Socially, globalization brought a global trend of human rights and heavy criticism towards MNCs, coinciding with the trend in which MNCs moved their production to developing countries. Trade unions and worker organizations started putting heavy pressure on the intergovernmental organizations to regulate MNCs. As Western governments and intergovernmental organizations were losing trust, reputation and power, these requests to regulate MNCs were seen as an opportunity to regain the legitimacy and reputation that had been lost in recent years. This was the historical, economic, social, and political context in which the codes were born.

As negotiations began, there were many different actors, stakeholders, influences and pressures at play. The development process itself followed the same pattern across the three IOs, but the main difference was the time it took for the key actors to reach agreement. The OECD Committee was made up of primarily industrialized, Western Member States with homogenous desires, and thus the OECD Guidelines progressed quickly compared to the other two organizations, which had many other perspectives and viewpoints with which to contend. The ILO negotiations, which uniquely incorporated the workers and employers organizations, as per the tripartite structure of the organization, were difficult and slow to start, but the influences and pressure they were receiving internally and externally motivated the

continuation of the negotiations. The US government was a major voice is all three negotiations, primarily the OECD Guidelines, which showcases the unique and strong interest of the US State and economy in relation to MNCs. The IOs also heavily influenced each other, as the UN was putting pressure on the ILO as the UN Code was planning to draw from the ILO Declaration. After the OECD Guidelines were adopted, it motivated the UN and ILO to make quicker progress on their efforts to make sure the voices of the developing countries on MNCs were not being overshadowed by the efforts of the predominantly Western OECD.

As negotiations came to a close, the OECD and ILO adopted their codes as the UN negotiations were at standstill with no sign of progress. The final product and output from these negotiations uniquely showcased the power dynamics at play within the negotiations themselves. The contentious perspectives of the different key stakeholders, primarily the Western, developing and Socialist country governments, were reflected in the writing and structure of the codes. The position of the Western countries supported the voluntary nature of the codes and the equal treatment of international and domestic enterprises. The developing countries wanted a legally binding code and stronger boundaries towards MNCs, they were motivated by a true desire to regulate MNCs. The Socialist perspective was focused towards creating a code that was directed at Western MNCs, not Soviet state-owned enterprises with operations abroad. This side supported the idea that MNCs should be held responsible for their actions. The codes were addressed to the MNCs, yet also to the Member States themselves, showcasing a dual target audience, placing importance on the MNCs, but more importantly bringing attention and influence back to the States.

The title, topic, structure and language choices that were made within the codes reflect the power dynamics and perspectives of the negotiating countries. The titles of the OECD and ILO reflected the voluntary nature of the codes desired by the Western countries, using the term "guidelines" and "principles", which have a non-obligatory connotation. The OECD Guidelines were published as a package of additional Decisions about international investment and national treatment, which decreased the emphasis on the Guidelines of MNCs, and emphasized the treatment of MNCs as equal to national enterprises, another Western country priority. The Definitions debate was a long and heated battle in negotiations of the UN, who was the only IO out of the three to include the Socialist countries in their negotiations. At the end, there was still no agreed upon definition, however the Socialist countries did concede to include state-owned enterprises within the definition as leverage power for other issues in negotiations. As the ILO and OECD did not need to address this perspective and political interest, they both ignored the topic all together in the final versions of the codes. Another

fascinating language choice was that of the aim statements in the ILO and OECD. They were identical in wording, except for the ILO including a mention towards the NIEO. The identical wording clearly shows the influence of the OECD Guidelines, and thus the Western country perspective on the ILO Declaration. In addition, the vagueness and broadness of the statements showcases an ambiguity of the purpose of the codes, which further points to the skepticism that these codes had the primary purpose to regulate MNCs.

The story does not end after the adoption of the codes, the outcomes of these codes were largely lackluster and the activities and efforts that occurred after the adoption were quite mixed. The OECD and ILO had developed plans for developing surveys in order to gain feedback from the users of the code, however the main purpose of these surveys was primarily to promote the codes and gain legitimacy of the codes. These surveys were conducted by each organization asking their Member States which resulted in biased answers, proving that the main purpose was promotional, as opposed to seeking information about the true effectiveness of the codes. There were a few tangible effects, in the form of cases, leading to deeper interpretation of the codes, including the Badger Affair of the OECD Guidelines, which encouraged a US parent company to properly compensate members of their subsidiary staff after a closure. However, these cases were few and far between and mainly favoring Western host countries, compared to developing host countries. The public response of different stakeholders was also quite varied, specifically the trade unions and the MNCS. The trade unions were typically very frustrated and disappointed by the outcome of the ILO and OECD codes, whereas the MNCs were largely ambivalent.

Attention for all three codes declined significantly in the 1980s, especially the UN Code, which experienced withdrawal and doubt from most of the delegates. Interestingly, the developing countries were the main actors whose views changed about the relevance and necessity of the UN Code. They already had to make so many concessions in negotiations, and they were in need of FDI due to the recession that they no longer saw the UN Code as an effective method of regulating MNCs and decided the effort was no longer worthwhile. As this change in mindset occurred, the UN and Western countries no longer saw the codes as a method to exercise power or build reputation and legitimacy, so they followed suit. Although the decline and disinterest in the UN Code started as early at 1982, it was not until 1992 that the UN announced the abandonment publicly in order to decrease the loss of reputation.

The 1970s was an era that brought the perfect environment for international organizations and Western governments to regain lost power and legitimacy by regulating MNCs. The political interests of the Western governments were most clearly reflected in the

text of each of the codes. The outcomes and effectiveness of each code varied, not because the MNCs lost the need to be regulated, but rather the codes lost the opportunity for IOs and Western governments to gain legitimacy, reputation and power.

This study has three contributions to research on universal codes of conduct. First, it explored the power dynamics of key actors within the negotiations that led to the development of each of the codes. These dynamics have not been explored to the extent that I did in the context of this research. Using deep archival data and documentation, I was able to highlight specific voices, perspectives, and interests of the key stakeholders involved in this incredibly complex process. Second, it analyzed, through a direct comparison of the codes, how different political perspectives were reflected through the text. Previous research has broadly discussed the historical context of the universal codes of conduct and explored their effect towards MNCs but has not yet explored the motivations and effects of other important stakeholders to the code, namely the State Governments and the intergovernmental organizations themselves. These dynamics are primarily what my research captured. Third, there are parallels of the economic, political, and social environment today to that of the 1970s. There is a trend of corporate responsibility, regulation of MNCs and protectionism laws passed by many countries. There is still a broad desire and question today about how to best and most effectively regulate MNCs, and my research explores the many factors and perspectives that have been passed by in previous research, however these factors and perspectives remain relevant and important in today's efforts to minimize the negative consequences of international trade and multinational corporations.

This research has a few limitations. It did not deeply explore reactions of the MNCs outside of what was released in media articles, a deeper exploration of specific MNCs responses and behavior changes as a result of these international codes would be an interesting field of further research. This research focused only on the codes for MNCs, but did not include other universal codes of conduct, like the International Code of Fair Treatment for Foreign Investments, Guidelines created by the International Chamber of Commerce, of the Global Compact. I recommend future research to explore these political power dynamics in the various other international codes and regulatory laws towards MNCs existing across the 20th and 21st century.

References

Primary Sources

ILO Archives, Geneva

CR.12-16-5
CR.13-16-6
GB.208-100-6
GB.209-100-2
GB.224-MNE-101
GB.234-MNE-101
MULTI DCL-14
MULTI DCL-6
MULTI DCL-6-9-1

Labordoc - The ILO Institutional and Open Access Repository
(https://labordoc.ilo.org/discovery/search?vid=41ILO_INST:41ILO_V2)

OECD Archives, Paris

Microfilm 465 - IME/M(74)1-5
Microfilm 467 - CE/M(73)1-34
Microfilm 479 - RE/TUAC(72)1-2
Microfilm 526 - CE(73)1-17
Microfilm 618 - CE(75)1-15

United Nations Archives, Geneva

AR 14.1903, Box 312
AR 14.1903, Box 313
AR 14.1903, Box 314
AR 14.1903, Box 315
AR 14.1903, Box 316
AR 14.1903, Box 462
AR 14.1903, Box 463
AR 14.1903, Box 464
AR 14.1903, Box 517
AR 14.1903, Box 520
AR 14.1903, Box 521

UN-ARMS Archives, UN Centre on Transnational Corporations, New York

Series: S-1048, Box: 21, File: 2
Series: S-1048, Box: 34, File: 7

Series: S-1048, Box: 88, File: 9
Series: S-1082, Box: 25, File: 7

United Nations Archives and Records Management Section
(https://search.archives.un.org/)

Secondary Sources

Bassiry, G.r. "Business Ethics and the United Nations: A Code of Conduct." *SAM Advanced Management Journal (07497075)* 55, no. 4 (Fall 1990): 38.

Bexell, Magdalena. "Global Governance, Legitimacy and (De)Legitimation." *Globalizations* 11, no. 3 (May 4, 2014): 289–99. https://doi.org/10.1080/14747731.2014.919744.

Bexell, Magdalena, Kristina Jönsson, and Anders Uhlin. "Introduction: The Comparative Study of (De)Legitimation Processes in Global Governance." In *Legitimation and Delegitimation in Global Governance: Practices, Justifications, and Audiences*, edited by Magdalena Bexell, Kristina Jönsson, and Anders Uhlin, 0. Oxford University Press, 2022. https://doi.org/10.1093/oso/9780192856111.003.0001.

Blanpain, Roger. *The OECD Guidelines for Multinational Enterprises and Labour Relations 1976-1979. Experience and Review*. The Netherlands: Kluwer, Deventer, 1979.

Borstelmann, Thomas. *The 1970s: A New Global History from Civil Rights to Economic Inequality*. Princeton, UNITED STATES: Princeton University Press, 2011. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=768534.

Buchanan, Allen, and Robert O. Keohane. "The Legitimacy of Global Governance Institutions." *Ethics & International Affairs* 20, no. 4 (December 1, 2006): 405–38.

Campbell, Tom. "A Human Rights Approach to Developing Voluntary Codes of Conduct for Multinational Corporations." *Business Ethics Quarterly* 16, no. 2 (2006): 255–69.

Cavanagh, Gerald F. "Global Business Ethics: Regulation, Code, or Self-Restraint." *Business Ethics Quarterly* 14, no. 4 (2004): 625–42.

Chandler, Alfred, and Bruce Mazlish. "Introduction." In *Leviathans*, edited by Alfred D. Chandler and Bruce Mazlish, 1st ed., 1–16. Cambridge University Press, 2005. https://doi.org/10.1017/CBO9780511512025.001.

Christiano, Thomas. "Democratic Legitimacy and International Institutions." Edited by Samantha Besson and John Tasioulas. *The Philosophy of International Law*. Oxford [u.a.]: Oxford University Press, 2010. http://www.gbv.de/dms/spk/sbb/toc/614166527.pdf.

Collard, Fabrice, and Harris Dellas. "The Great Inflation of the 1970s." *Journal of Money, Credit and Banking* 39, no. 2–3 (2007): 713–31. https://doi.org/10.1111/j.0022-2879.2007.00043.x.

Dahrendorf, Ralf. "The Foreign Policy of the EEC." *The World Today* 29, no. 2 (1973): 47–57.

Desai, Ashay B., and Terri Rittenburg. "Global Ethics: An Integrative Framework for MNEs." *Journal of Business Ethics* 16, no. 8 (1997): 791–800.

Deva, Surya. "Regulating Corporate Human Rights Violations : Humanizing Business." Routledge Research in Human Rights Law. London [u.a.]: Routledge, 2011.

Dicken, Peter. *Global Shift, Sixth Edition: Mapping the Changing Contours of the World Economy*. New York, UNITED STATES: Guilford Publications, 2011. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=593767.

Ferguson, Niall. "Crisis, What Crisis?" In *The Shock of the Global: The 1970s in Perspective*, edited by Charles S. Maier, Erez Manela, and Daniel J. Sargent. Cambridge, UNITED STATES: Harvard University Press, 2010. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=6033418.

Gee, James Paul. *An Introduction to Discourse Analysis: Theory and Method*. London, UNITED KINGDOM: Taylor & Francis Group, 2014. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=1613825.

Getz, Kathleen A. "International Codes of Conduct: An Analysis of Ethical Reasoning." *Journal of Business Ethics* 9, no. 7 (1990): 567–77.

Global Justice Now. "69 of the Richest 100 Entities on the Planet Are Corporations, Not Governments, Figures Show." Accessed April 16, 2023. https://www.globaljustice.org.uk/news/69-richest-100-entities-planet-are-corporations-not-governments-figures-show/.

Hajduk, Thomas. "An 'Instrument of Moral Persuasion' Multinational Enterprises and International Codes of Conduct in the 1970s." In *Code of Conduct on Transnational Corporations: Challenges and Opportunities*, edited by Mia Mahmudur Rahim. CSR, Sustainability, Ethics & Governance. Cham: Springer International Publishing, 2019. https://doi.org/10.1007/978-3-030-10816-8.

Haldenwang, Christian von. "The Relevance of Legitimation – a New Framework for Analysis." *Contemporary Politics* 23, no. 3 (July 3, 2017): 269–86. https://doi.org/10.1080/13569775.2017.1304322.

Harvard Law School. "Intergovernmental Organizations (IGOs)." Accessed August 5, 2023. https://hls.harvard.edu/bernard-koteen-office-of-public-interest-advising/about-opia/what-is-public-interest-law/public-service-practice-settings/international-public-interest-law-practice-setting/intergovernmental-organizations-igos/.

"History of the ILO." Accessed July 19, 2023. https://www.ilo.org/global/about-the-ilo/history/lang--en/index.htm.

International Labour Office, ed. *Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy*. 3rd ed. Geneva: ILO, 2001.

Jones, Geoffrey. "Multinationals from the 1930s to the 1980s." In *Leviathans*, edited by Alfred D. Chandler and Bruce Mazlish, 1st ed., 81–104. Cambridge University Press, 2005. https://doi.org/10.1017/CBO9780511512025.004.

Joyner, Christopher C. "The United States' Withdrawal from the ILO: International Politics in the Labor Arena." *The International Lawyer* 12, no. 4 (1978): 721–39.

Keohane, Robert O. "The Contingent Legitimacy of Multilateralism." Edited by Edward Newman. *Multilateralism under Challenge? : Power, International Order and Structural Change*. Tokyo [u.a.]: United Nations Univ. Press, 2006. http://www.gbv.de/dms/bowker/toc/9789280811292.pdf.

Keys, Barbara J. *Reclaiming American Virtue: The Human Rights Revolution of The 1970s*. Cambridge, UNITED KINGDOM: Harvard University Press, 2014. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=3301416.

Kolk, Ans, and Rob van Tulder. "Setting New Global Rules? TNCs and Codes of Conduct." *Transnational Corporations* 14, no. 3 (December 1, 2005): 1–28.

Laczniak, Gene R., and Ann-Marie Kennedy. "Hyper Norms: Searching for a Global Code of Conduct." *Journal of Macromarketing* 31, no. 3 (September 1, 2011): 245–56. https://doi.org/10.1177/0276146711405530.

Leimgruber, Matthieu, and Matthias Schmelzer. "Introduction: Writing Histories of the OECD." In *The OECD and the International Political Economy Since 1948*, edited by Matthieu Leimgruber and Matthias Schmelzer, 1–22. Cham: Springer International Publishing, 2017. https://doi.org/10.1007/978-3-319-60243-1_1.

Louis, Marieke. "The Social Diplomacy of Multinational Corporations." In *La Vie Des Idées*, edited by Christian Chavagneux, translated by Kate McNaughton, 2018. https://laviedesidees.fr/Le-pouvoir-des-multinationales.

Maul, David. *Human Rights, Development and Decolonation: The International Labour Organization, 1940-1970*. UK: Palgrave Macmillan UK and International Labour Office, 2012.

"Main Bodies." United Nations. United Nations. Accessed July 19, 2023. https://www.un.org/en/about-us/main-bodies.

OECD. "OECD 60th Anniversary." OECD 60th anniversary. Accessed July 19, 2023. http://p00f5244272.eu.racontr.com/index.html.

O'Malley, Alanna. *The Diplomacy of Decolonisation: America, Britain and the United Nations During the Congo Crisis 1960-1964*. Manchester, UNITED KINGDOM: Manchester University Press, 2018. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=5326183.

Payne, Dinah, Cecily Raiborn, and Jorn Askvik. "A Global Code of Business Ethics." *Journal of Business Ethics* 16, no. 16 (December 1997): 1727–35. https://doi.org/10.1023/A:1005877726316.

Pearson, Ruth, Gill Seyfang, Rhys Jenkins, and Richard Howitt. *Corporate Responsibility and Labour Rights: Codes of Conduct in the Global Economy*. London, UNITED KINGDOM: Taylor & Francis Group, 2002. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=429956.

Petrini, Francesco. "A Shield against Globalization? European Trade Unions and the Struggle to Regulate Multinationals." CESR Conference 2012. Portsmouth, June 2012. https://www.academia.edu/1235755/A_shield_against_globalization_European_trade_unions_and_the_struggle_to_regulate_multinationals.

Petrini, Fracesco. "Capital Hits the Road" *Contesting Deregulation*, 2017, 185.

Preuss, Lutz. "Codes of Conduct in Organisational Context: From Cascade to Lattice-Work of Codes." *Journal of Business Ethics* 94, no. 4 (2010): 471–87.

Rahim, Mia Mahmudur, ed. *Code of Conduct on Transnational Corporations: Challenges and Opportunities*. CSR, Sustainability, Ethics & Governance. Cham: Springer International Publishing, 2019. https://doi.org/10.1007/978-3-030-10816-8.

Rahim, Mia Mahmudur. *Legal Regulation of Corporate Social Responsibility*. CSR, Sustainability, Ethics & Governance. Berlin, Heidelberg: Springer, 2013. https://doi.org/10.1007/978-3-642-40400-9.

Sargent, Daniel J. *A Superpower Transformed: The Remaking of American Foreign Relations in the 1970s*. Oxford University Press, 2014. https://doi.org/10.1093/acprof:oso/9780195395471.001.0001.

Scholte, Jan Aart. "Towards Greater Legitimacy in Global Governance." *Review of International Political Economy* 18, no. 1 (February 7, 2011): 110–20. https://doi.org/10.1080/09692290.2011.545215.

Sethi, S. Prakash. "Self-Regulation through Voluntary Codes of Conduct." In *Globalization and Self-Regulation: The Crucial Role That Corporate Codes of Conduct Play in Global Business*, edited by S. Prakash Sethi, 3–14. New York: Palgrave Macmillan US, 2011. https://doi.org/10.1057/9780230348578_1.

Sethi, S. Prakash. "Setting Global Standards : Guidelines for Creating Codes of Conduct in Multinational Corporations." Hoboken, NJ: Wiley, 2003. http://www.gbv.de/dms/hbz/toc/ht013470087.pdf.

Sheehy, Benedict. "TNC Code of Conduct or CSR? A Regulatory Systems Perspective." In *Code of Conduct on Transnational Corporations: Challenges and Opportunities*, edited by Mia Mahmudur Rahim. CSR, Sustainability, Ethics & Governance. Cham: Springer International Publishing, 2019. https://doi.org/10.1007/978-3-030-10816-8.

Sluga, Glenda. "The Transformation of International Institutions." In *The Shock of the Global: The 1970s in Perspective*, edited by Niall Ferguson, Charles S. Maier, Erez Manela, and Daniel J. Sargent. Cambridge, UNITED STATES: Harvard University Press, 2010. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=6033418.

Stajkovic, Alexander D., and Fred Luthans. "Business Ethics across Cultures: A Social Cognitive Model." *Journal of World Business* 32, no. 1 (March 22, 1997): 17–17.

Steger, Manfred B. *Globalization: A Very Short Introduction*. Oxford University Press, 2009.

Stein, Judith. *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies*. New Haven, UNITED STATES: Yale University Press, 2011. http://ebookcentral.proquest.com/lib/gla/detail.action?docID=4585711.

Sundholm, Mattias. "ILO: International Labour Organization." *Office of the Secretary-General's Envoy on Youth* (blog), August 27, 2013. https://www.un.org/youthenvoy/2013/08/ilo-international-labour-organization/.

Tallberg, Jonas, Karin Bäckstrand, Jan Aart Scholte, Jonas Tallberg, Karin Bäckstrand, and Jan Aart Scholte, eds. "Introduction: Legitimacy in Global Governance." In *Legitimacy in Global Governance: Sources, Processes, and Consequences*, 0. Oxford University Press, 2018. https://doi.org/10.1093/oso/9780198826873.003.0001.

Tallberg, Jonas, and Michael Zürn. "The Legitimacy and Legitimation of International Organizations: Introduction and Framework." *The Review of International Organizations* 14, no. 4 (December 2019): 581–606. https://doi.org/10.1007/s11558-018-9330-7.

"UN Charter." United Nations. United Nations. Accessed July 19, 2023. https://www.un.org/en/about-us/un-charter.

Vagts, Detlev F. "The UN Norms for Transnational Corporations." *Leiden Journal of International Law* 16, no. 4 (December 2003): 795–802. https://doi.org/10.1017/S0922156503001456.

Wilkins, Mira. "Multinational Enterprise to 1930: Discontinuities and Continuities." In *Leviathans*, edited by Alfred D. Chandler and Bruce Mazlish, 1st ed., 45–80. Cambridge University Press, 2005. https://doi.org/10.1017/CBO9780511512025.003.

"WTO | Understanding the WTO - The GATT Years: From Havana to Marrakesh." Accessed July 19, 2023. https://www.wto.org/english/thewto_e/whatis_e/tif_e/fact4_e.htm.

Zürn, Michael. *A Theory of Global Governance*. Vol. 1. Oxford University Press, 2018. https://doi.org/10.1093/oso/9780198819974.001.0001.

Acknowledgements

I am eternally grateful to all the people that have supported me during this research and writing process. First, I give a big thank you to my supervisors: Alexander Engel, Jayita Sarkar, Paloma Fernández Pérez, and Stina Barrenscheen for your guidance, patience, and feedback.

Next, I want to thank the GLOCAL professors, coordinators, and staff for developing a Masters program that has opened my eyes and mind in so many ways. And to Marité, Thaisa, Anna, Szutung, Hideki, Chang-Lin, Melanie, Bruna, José and the rest of my Cohort 5 colleagues and friends. You all have truly been my family away from home for the past two years.

Last, but not least, I want to give a huge thank you to my support system from afar. To my mom for being right there with me through every smile and every tear, to my dad for being my biggest supporter and encourager, to my brother for listening to my every complaint and never failing to make me laugh. And to my life-long friends: Yujin, Chisom, Katelyn, Danah, Kristy, and Aurora. Words cannot describe how thankful I am to know you.

I have felt encouraged, supported, and inspired by each and every one of you and I will always appreciate the positive impact you have had in my life.

Declaration of good scientific practice

I hereby declare with legally binding effect that I have written this thesis independently, that I have not used any aids other than those indicated, and that I have indicated the exact source of any passages in the thesis that have been taken over in wording (quoted) or essential content (paraphrased) from other works.

At the same time, I declare that I have read the brochure "Rules and Tips. Instructions for the preparation of written work" of the Institute of Economic and Social History before writing the thesis and that I am aware of the guidelines given therein.

I am aware that plagiarism, which also includes unmarked copies from the internet, is not only scientifically dishonest and contradicts the guidelines of the Georg-August-University of Göttingen to ensure good scientific practice of June 5, 2002, but can also have considerable legal consequences up to exclusion from the university. I agree to the examination of this work by a plagiarism checker.

I certify that the electronic and printed versions of this thesis are the same.

Göttingen, 14.8.2023   *Bridget Bofinger*

Place and date   Signature