

TOWARD FULLER INVOLVEMENT

Report of the West European Consultation on TNCs

Brussels, April 26-30, 1981

Introduction

The West European Consultation on TNCs was co-sponsored by the World Council of Churches Programme on TNCs, the Netherlands Council of Churches and the Ecumenical Commission for Church and Society in the European Community. The Ecumenical Commission hosted the Consultation which was held in Brussels, April 26-30, 1981. The Consultation was one of a series of regional consultations on TNCs covering all parts of the world, with the unfortunate exceptions of North America and the Caribbean, and precedes a WCC-sponsored global consultation on TNCs in November, 1981.

Over fifty people took part in the Consultation. Officials of West European churches formed a major portion of the membership. Participants included four representatives of business organizations, two trade-union officers, eight clergy (among them, two industrial chaplains), eight members of Justice and Peace Commissions of the Roman Catholic Church, three World Council staff and six invited experts. Thirteen participants were women, sixteen had broad experience in world and community development, a dozen had participated extensively in research and action groups. Participants from Belgium, the Federal Republic of Germany, France, Italy, the Netherlands, Portugal, Sweden, Switzerland and the United Kingdom were joined by observers, visitors and experts from Brazil, Hungary, the Philippines and the USA.

The purpose of the Consultation was four-fold. First, to exchange information and experiences about the involvement of churches and religious organizations on issues related to TNCs. Second, to analyze the impact of TNCs on the European economy and the role of European TNCs in the Third World. Third, to make suggestions for policies by the WCC and churches concerning TNCs. Fourth, to make recommendations for the churches and the WCC on future activities.

Discussion and reflection centred on three sets of presentations. First, a series of reports on West European national church programmes in respect to TNCs. Second, a group of presentations on the Just, Participatory and Sustainable Society as a set of guidelines for evaluating institutions, challenges and actions; on agribusiness and on the automobile industry to illustrate aspects of modern capitalism, the current economic crisis and TNCs. Third, sharing of experiences and involvements in commitment to and with the poor and oppressed acting in defence, support, confrontation, self-organization and research in the Philippines and Brazil as well as in the struggle for a WHO code to regulate the promotion and distribution of baby food.

The discussion and reflection focused on exchange of information and views about the basis for Christian concern with TNCs, the nature of present church action and the needs and possible guidelines for future church commitment and involvement.

Not all participants were in full agreement with each of the views taken and positions expressed or with each recommendation. In several areas the text represents a diversity of opinions.

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Churches' Involvement: The Present Scene

Considerable diversity exists in West European church involvement with TNCs. However, in general, that involvement has been limited in total numbers of Christians involved, in aims, in coverage of different aspects of the interaction of societies and TNCs, and in actual impact.

Historically, the main thrust of the actions has come from Third World ties and appeals for solidarity based on the teaching of the Gospel (e.g. South Africa, Brazil metal workers' strike, Philippines) and from situations posing particularly overt and acute ethical problems (e.g. armaments, migrant workers). With the deepening and lengthening of the economic crisis of the 1970s, there has been a beginning of broader questioning of the nature of the present West European economic system and of TNCs as major actors, ideological exponents and decision-takers within that system.

Three main approaches can be identified: dialogue with the TNCs on general and specific themes, negotiations with TNCs on concrete issues (e.g. campaigns on South Africa loans by transnational banks) and campaigns directed to labour, consumers, politicians, governments as sources of countervailing power to set ethical limits restraining TNCs' actions. Participants raised questions in respect to each of these approaches.

Had dialogue - especially when pursued without concrete goals and without both a clear moral focus and a real power base - proved to be disappointing? Had it, in some cases, stripped ethical pretensions from TNC actions leaving their accumulation, growth and profit maximization rationale naked? Had it helped both church and TNC participants to highlight the dilemma facing TNCs, and Christians as TNC managers, in assuming social responsibilities and thereby concentrated attention on the need to recognize, confront and resolve these dilemmas consistent with Gospel teachings?

Dialogue can raise issues and increase awareness of how these are seen and responded to by other participants. It has in some cases helped churches and church action groups to denounce social responsibility statements from TNCs when they perceived them to be inconsistent with the companies' real operation. In addition, it has underlined the importance of involving other concerned groups - notably labour and consumers - in the dialogue. However, dialogue could not be expected to "convert" corporations which are not human beings with personal ethical standards but specialized economic institutions with a logic controlled by their own and the present capitalist international economic system's requirements and ideology.

Trade union participants felt that the Consultation was hampered by the fact that representatives of TNCs were able to speak about the effects of TNCs on Third World countries

without being confronted with the experiences and opinions of those people in Third World countries who have been directly affected by their operations.

Was negotiation effective? Did churches and church action groups have enough expertise to be effective? Was sustained negotiation on a single topic sustainable or did interest dwindle or change targets too rapidly to attain any real results?

Negotiation had, on occasion, proved to be effective. However, it had often been hampered by lack of accurate information, inadequate interaction among those with theological and those with economic, sociological and action expertise and by failure to coordinate action of concerned Christians and churches. Only in respect to South Africa have sustained investigations, negotiations and occasional consultations based on commitment, mobilization of significant numbers of concerned Christians, strong contacts with those representing the poor and the oppressed and specialized knowledge been frequent. Other activity tended to be weaker with respect to each of these characteristics although systematic concrete negotiations with TNCs and solidarity action with Third World contacts and groups - e.g., in respect to Brazil, El Salvador and the Philippines - have begun to emerge and such action was significant in relation to Zimbabwe.

Action to influence, and to cooperate with, other social actors in setting limits (including but not limited to legal disclosure and accountability limits) on TNC conduct has been fairly frequent but apparently fragmentary and episodic rather than planned

and sustained. This seems to relate in part to the very limited number of Christians involved and in part to a certain lack of operational ecumenical pooling of resources and influence. To a not insignificant degree it stems from a Western European Christian heritage which has doubted - or even denied - the appropriateness of church concern with and involvement in concrete macro-ethical issues of production and distribution, especially if that involvement required commitment to one party in a struggle and/or to political action. It is likely that it also results in part from the extent to which the Western European churches and a majority of their members have been exponents of and have benefitted from the present international economic system. These causal factors point to a need for the churches to repent and particularly to engage in analysis of their own role - past and present - not merely to criticize or seek to influence others.

Our Concerns

The teaching of the Bible - and in particular of the Old Testament prophets and of the Gospels - require of churches and of individual Christians a commitment to justice on the side of the poor, the weak, the excluded and the oppressed. Therefore, Christians and their churches must be concerned with what is produced, for whom, by which means, at what social, human and ecological costs, as a result of whose decisions.

The Western European churches must also pay attention to the new theological initiatives coming from Christians working with those involved in struggles against the injustices of

present national and international economic orders, both in the West and in other parts of the world. Many of these insights and initiatives pose fundamental challenges to much Western academic theology on which our Western European church worship and practice is largely based. They urge greater attention to the prophetic criticisms in the Old and New Testaments of injustice and of the role of the poor and call for exploration of the concept of the God who sides with the poor and, therefore, of a Church which sides with the poor. They call for the development of alternative conceptions of societies which rely on the Christian values of justice, cooperation and equality of distribution.

One of the questions raised by these new theological initiatives and addressed especially to the Western European churches is whether it is possible to reconcile commitments to justice and the poor with unidimensional economic determination of production, distribution, technology and employment on the basis of maximizing growth, profit and accumulation. Such a reconciliation would ignore the fundamental fact that the human being with his inherent dignity, freedom and rights is, or should be, at the centre of economic endeavour and is, or should be, its subject, not merely its object. Any Christian view of an acceptable society requires the setting of ethical standards and limits. Certain types of growth and of profit used in specific ways are not merely compatible with but necessary for social justice and meaningful solidarity with the poor. However, viewed from a Christian perspective, growth and profits can only be

servants and means, not masters and ends.

That perspective and vision require concern with TNCs because they are among the central actors in and the most important proponents of maximum growth and accumulation as overriding ends. Further, by centralization of decisions, internalization of economic activity and homogenization of many aspects of life, they often contribute to the exclusion and oppression of the weak. The growing calls for solidarity from Third World churches concretely acting in solidarity with the powerless, and the deepening and lengthening economic crisis in Western Europe, call into question and require serious analysis of reflection on the moral acceptability of the present economic order, not simply "out there" on the periphery but in the Western European centre as well.

Utopian or prophetic visions such as the Just, Sustainable and Participatory Society are necessary as criteria by which to evaluate concrete situations and actions and as signposts pointing toward justice and solidarity with the poor. They do not constitute blue-prints and must be realized and made alive in struggles for specific gains in actual contexts. These gains can never be final goals in themselves, but are an essential part of the process of realizing Christian commitments. Similarly tactics and instruments, such as countervailing power, are not ends in themselves but means toward social justice and power for the powerless.

Toward Fuller Involvement

Western European churches need a deeper understanding of the

internationalization and dynamics of the economic system in which TNCs are major actors as well as of the concrete roles played by specific TNCs in particular contexts. In particular, the overriding similarities and linkages of Third World and Western European manifestations of TNC impact on societies and communities - and especially on the poor and weak within them, or excluded from them - requires clearer perception. One result of the economic crisis in Western Europe has been to begin that process of holistic perception.

More than one form of involvement can be valid. At least four can be identified: caring for victims in the tradition of the Good Samaritan; setting up limits within existing social, political and economic systems to curb victimization; struggling for basic systemic change; assisting excluded and oppressed human beings in their efforts to help themselves through heightened perception of their situation and its causes leading to appropriate action by themselves and also by those in solidarity with them.

Churches should reflect on their own conduct as employers, consumers and investors. In part this is necessary because Western European churches have been socialized into the economic system exemplified by TNCs and need greater self-perception to be able to hold up standards to TNCs. But, in addition, churches' economic actions - even if usually not very significant in macro-economic terms - are important as example, as symbol and as practice of justice, participation and solidarity.

Education of Christians is critical. Church concern with TNCs has often been narrowly based in church hierarchies, industrial missions and action groups. Real concern with economic life by the churches requires reflection on priorities at congregational level. The dialogue which is in most urgent need of strengthening is that of the churches with their own members. Dialogue is not the only form of education - specific action and giving for stated purposes may often be more educational than formal or generalized dialogue or preaching.

Western European churches need more accurate and detailed information on TNCs and, more generally, on issues of production and distribution. Without it, neither dialogue nor action can be fully effective and the growth of applied theology grounded in action will be endangered. Therefore, the churches should make an inventory of existing research and information facilities, both within their own communities and outside, with a view to pooling research and information in the most efficient way possible as well as securing information from the greatest number of socially concerned bodies, e.g. the Transnationals Information Exchange (TIE). Use of information need not - indeed should not - be limited to church channels. Much of the most effective use of information prepared by certain Christian groups (e.g., Kairos in the Netherlands and the CIIR in the U.K. on Zimbabwe and South Africa) has been by more general channels, which have probably reached more ordinary Christians than do church channels proper.

Dialogue with TNCs can be valid. However, it is a limited form

of involvement which is usually most valid as part of a broader set of actions. To be productive, dialogue must be based on accurate information and clear church perceptions on goals and should relate to concrete cases and to specific potentially attainable changes in the actions of the TNCs actually engaged in the dialogue.

Dialogue with other social actors-unions, community organizations, secular action groups, consumer organizations, women's groups, young people's groups, political parties, associations of migrant workers, secular action groups and international organizations - has been more fragmentary than that with TNCs but is potentially more necessary and fruitful. Many of these groups are, in part, composed of Christians and many also comprise individuals who are poor and weak. In many contexts and on many issues such dialogue is more likely to lead to partnership in action to assist victims or to prevent victimization than is dialogue with TNCs.

Because Christians are committed to be and to act in solidarity with the poor and powerless, it is essential to listen to them and their representatives whether from the Third World or within Western Europe. Their priorities for action and the voicing of their concerns should play a larger and louder role in the Church-TNC interaction.

Because action and context are important, more attention to mechanisms of change will be required. Mediation, for example, requires recognition that bridges are built from one (or both) ends, not from the middle. Opposition to interlocking, homogenizing transnationalization with con-

centrated non-accountable power should lead to a concern with strengthening democratic processes, both within the firm and in society as a whole (or struggling to achieve them where they do not exist). However, it should not be seen as justifying greater parochialness whether in Western Europe or globally - openness to the concerns and contributions of others should not be bounded by national lines. Accountability is a critical mechanism. Its possible embodiments in compulsory disclosure of information and in binding, enforceable codes setting up legal limits deserve particular attention and study as to their uses and limits in particular contexts. Christian and other alternative communities and forms of economic organization - including cooperatives - also deserve sympathetic explorations as to their potentials and limitations.

Christian concern and interaction with TNCs should be characterized by openness and ecumenicism. The involvement of the Catholic Church is crucial. National coordination should be complemented by bilateral dialogue within Western Europe and with the churches of the Third World and also by regional church action and dialogue at Western European level. Globally, interaction with other regions - particularly, but by no means solely, through the WCC Programme on TNCs - is needed. Sharing of experiences, of information and of contacts with the poor and powerless is crucial.

Specific Recommendations

1. The process of consultations on issues relating to TNCs by Western European churches should be continued. The

- Consultation expresses the hope that coordination of similar consultations be undertaken by the Ecumenical Commission for Church and Society in the European Community. Consultations should embrace all Western European churches, not only those of ECC member and aspirant countries.
2. The reports of this Consultation and of the future Western European TNC consultations as well as models of action and interaction based on specific experiences should be adapted and presented in terms of language and content in order to be of interest and assistance to local congregations in fulfilling their task of being relevant voices and servants of the Lord in the lives of men and women.
 3. Churches and Christian action groups should prepare summaries and models of Christian interaction with TNCs based on their specific experiences and distribute these to other Western European churches and church councils, for example through SHARING, the TIE (Trans-nationals Information Exchange) Bulletin and the Ecumenical Commission for Church and Society in the European Community Documentation Service.
 4. Action, even if only symbolic, should be taken by Western European churches and national councils of churches, including grants to Christian and other groups of, or acting in solidarity with, the poor and oppressed to set limits to, to alter and to confront the action of TNCs in Western Europe and in the Third World.
 5. It should be recognized by the churches that the search for a Just, Participatory and Sustainable Society calls for Christians to become involved in political dialogue, debate and struggle. This does not mean commitment to the imposition of particular political formulas nor permanent alliances with particular institutions or pressure groups; rather it requires a continuing attempt to identify injustice and to act together with its victims to remedy it and to prevent its recurrence.
 6. Churches should act ecumenically to continue their dialogue with TNCs on the basis of concrete issues and objectives. They should be equally critical of the policies and actions of governments both in the industrialized nations and in the Third World where these tolerate or contribute to the excesses of TNCs. In particular they should seek to achieve increases in accountability and disclosure by TNCs and by governmental bodies dealing with or regulating them. It is crucial that in such dialogue the churches act together with trade unions and labour movements including representatives of the unemployed and of migrant labourers.
 7. Churches and national councils of churches should support existing, and consider instituting new, Christian research units relating to TNCs and the economic system. Information should be shared with churches and national councils of churches which do not have the possibility to organize their own research units. Results of research should

- be pooled ecumenically and also be made available to all concerned social groups whether Christian or other. An area of particular importance and priority for research are routes to and experience in enforcing disclosure and accountability - both to workers and communities and to society at large - of TNCs whether by legislation, by codes of conduct or by other means.
8. An annotated bibliography of relevant materials produced by churches, Christian action or research groups and voluntary research and action networks (e.g., TIE) should be prepared. Decisions on who could undertake this task should be one of the early agenda items for the continued consultations recommended above.
 9. The World Council of Churches should continue its Programme on TNCs and give it higher priority in terms of WCC-wide attention and provision of human and financial resources.
 10. The WCC Programme on TNCs should devote increased attention to specific issues - e.g., unemployment, migrants, freedom of association - and manifestations - e.g., North-South trade, tourism, crises in particular industries (such as the automobile industry) and countries (whether in Western Europe, North America or the Third world
 11. Systematic dialogue with trade unions and the labour movement at the international level, as well as with the ILO, should receive greater priority within the WCC Programme on TNCs than has been the case to date.
 12. Within the context of the TNC Programme the WCC should institute a process of consultation with people who are directly affected by the activities of TNCs and are struggling against these effects so that they may express their priorities and indicate the particular forms and expressions of solidarity they are looking for.
 13. The next phase of the WCC Programme on TNCs should collect and develop materials as a basis for and input into regional and global consultations directed toward developing clearer church action goals and strategies with respect to TNCs. In the interim it should play a more active role in making known to national churches and church councils relevant information, issues, experiences and contacts with Christian and other groups of or in solidarity with, the poor and exploited who are seeking dialogue and partnership.
 14. Arising out of these actions, the WCC should take sides on specific issues. In particular, it should take symbolic action in the form of grants to organizations (Christian or other) of, or in solidarity with, the poor, powerless and oppressed in the TNC context analogous to the Special Funds which already exist in the WCC. Such symbolic action is crucial not only to be with the poor but to catalyze thought and raise consciousness within the churches and congregations of Western Europe.
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G24 EXPERT GROUP ON STRUCTURALLY DISADVANTAGED DEVELOPING COUNTRIES
- REPORT (PART)

Recommendations

The Group agreed on a series of recommendations designed to assist developing countries, and in particular structurally disadvantaged developing countries in coping with their present external imbalance crises, and with achieving positive structural adjustment measures toward reducing those imbalances. These recommendations do not constitute a set of guidelines for a new international monetary order, nor even a complete set of proposals for medium term reform and restructuring of the IMF and World Bank. Nor does their omission of issues relating to trade practices, developed country interest rate and demand creation (or destruction) policies and overall levels of resource transfers imply that the Group considered those issues unimportant.

What these recommendations are intended to constitute is no more nor less than a "survival programme" for the developing countries, and especially the structurally disadvantaged developing countries in their relations with the international monetary system. Their external imbalance crises must be alleviated now through the monetary system. To that end the measures proposed are ones which could be adopted within the existing system without long term structural reforms. They do not constitute an alternative to such reforms but, rather, interim action needed urgently to avert a series of national economic collapses while longer term structural reforms are negotiated and implemented.

A. Recommendations Relating to IMF

1. The compensatory finance facility should be untied from

quota limitations and related to shortfall of export earnings calculated in terms of import purchasing power, ie, it should compensate for loss of earned import capacity. Repayment schedules should be linked with recovery of exports in terms of real import capacity, not tied to fixed time periods without reference to degree of recovery from the shocks giving rise to the need for drawings. The CFF should remain a low conditional facility.

2. The extended fund facility should be made more need related in terms of eligibility, preferably by untying it from country quotas, but alternatively by more frequent use of waiver powers in respect to quota limits. The conditions accompanying drawings should place greater weight on achieving higher real output and maintenance both of real household incomes, and of basic public service provision levels, and less on particular domestic policy measures chosen for use in regaining international balance. Because "trigger clause" targets are calculated on specific assumptions as to world economic variables (eg interest rates, export and import prices) and of domestic events not totally within state control (eg crop output, inflation rates), the targets should be subject to automatic adjustment on agreed formula bases if the actual levels of these variables diverge widely from those assumed at the time of programme agreement.
3. An emergency facility of \$2 billion a year for five years should be created to make additional drawings available to developing countries facing severe structural disadvantages and/or adjustment problems and lacking significant access to the international commercial financial institutions and

markets. These drawings should not be linked to quota. They should be low conditionality and eligible for interest rate reduction to - say - 5% from subsidy account resources. Repayment schedules should be linked to significant external balance recovery, not to fixed time periods.

4. The subsidy account should be topped up to cover additional subsidy requirements under additional drawings resulting from proposals 1 and 3. Eligibility for such subsidies should be extended to include all structurally disadvantaged developing countries.
5. A substantial new issue of SDR's should be made over 1983-1985. Allocations should be delinked from quotas and related to structural trade account deficits and (lack of) access to commercial sources of finance.
6. In formulating conditionality requirements and in its operating philosophy more generally, the IMF should take greater account of the diversity of contexts between industrial and developing countries and among developing countries. On that basis it should take a more positive view of basically supply expansion oriented programmes (as opposed to primarily demand contracting ones) and a more flexible approach to particular adjustment measures chosen by drawing states. In this respect, it should recognise the economic recovery and political stability costs which inevitably result from "front end loading" of measures entailing costs and support programmes designed to ensure that positive programme impact (eg additional production made possible through enhanced imports utilising drawings) parallels or leads the

impact of programme measures entailing high costs (eg major devaluations, wage restraint).

B. Recommendations Relating to World Bank

7. Because IDA is the most impartial multilateral source of funds for structural adjustment available to structurally disadvantaged developing countries, it is critical that attempts to provide new modalities for achieving its 1981/82 - 1983/84 target lending levels be successful. It is also critical that the 1984/85 - 1986/87 replenishment be negotiated promptly, and at levels allowing a substantial real increase in IDA credit extension over the levels of 1981/82 - 1983/84.

8. The share of structural adjustment and analagous programme lending should be increased. Criteria for structural adjustment programmes should be made clearer and include: attaining real rates of growth of GDP (adjusted for terms of trade losses) above those of population; improved capacity utilisation and maintenance; sustaining and continuing programmes to extend basic public services; improved income distribution and rapid reduction of the numbers suffering from absolute poverty; expansion of export capacity and of import substitution (with particular reference to food and energy); investment projects oriented to breaking key structural bottlenecks.

9. The "middle window" - with interest rates subsidised to 5% - should be revived with those developing countries not eligible for IDA but with relatively low GDP per capita and/or major structural disadvantages eligible to draw at this "window", particularly in respect to structural adjustment and programme

loans.

10. The energy affiliate should be created promptly as a member of the World Bank group or - if that is not practicable - on a basis analagous to IFAD with an initial lending capacity of at least \$1 billion a year for 5 years. Its facilities should be on IDA and "middle window" terms.

C. Recommendation Relating to Regional Development Banks

11. Regional Development banks should increase both share of soft window and programme lending in their total disbursements and the real levels of such lending.

D. Recommendations Relating to ECDC

12. Developing country central banks should explore the possibilities for increasing use of cross deposits as a means to bolstering the ability to withstand crisis related shocks of developing countries and particularly structurally disadvantaged developing countries.
13. Developing countries in a position to do so should create or expand regional soft loan funds open to use by structurally disadvantaged developing countries possibly along the lines of the Nigerian fund administered by the African Development Bank and/or of Trinidad and Tobago in respect to CARICOM.
14. Oil exporting developing countries should broaden the availability of loan back arrangements of a portion of the price of petroleum and products exports to structurally disadvantaged developing countries possibly along the lines of the programmes now carried out by Mexico, Venezuela,

Trinidad and Tobago and Nigeria.

15. The OPEC Fund should give urgent consideration to utilising an enhanced portion of its resources to make balance of payments support soft loans or grants to developing countries with particularly severe balance of payments problems substantially related to food or energy imports, or to major terms of trade deterioration.

E. Recommendations to Bilateral Sources of Finance

16. The terms of industrial economy guaranteed export credits to structurally disadvantaged developing countries should not be hardened in respect to interest rates and both the maximum grace and repayment periods should be lengthened - say to 3 plus 12 years. Industrialised countries should take a more responsible attitude in not promoting such credits where they are an unsuitable source of finance (either because of the nature of the project, or the medium term external balance prospects of the economy) and by acting to ease terms on outstanding credits of this type which are creating, or may create, debt service crises for developing countries and in particular structurally disadvantaged developing countries.

17. Governments should give urgent consideration to providing external borrowing guarantees to presently structurally disadvantaged developing countries for commercial borrowings, with special reference to those countries which have in the past had access to, and ability to service, such borrowings, but have temporarily been pushed into the structurally disadvantaged category by post 1979 external shocks.