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An Introductory Comment

*John H. Glenn**

AS LIFE PROGRESSES, be it of an individual or a nation, each year presents a collection of options. Some will be of great importance, others more ordinary. Occasionally, however, events merge in such a way as to lend themselves to the making of critical choices. We are presently at just such a crossroads.

During the initial period of America's struggle, George Washington wrote to his comrade Lafayette: "Democratic states must always feel before they can see. It is this that makes their governments slow. But the people will be right at last."

This country is currently emerging from a period of emotional introspection essentially similar to that encountered a century ago in our history. A war which emotionally pitted father against son and brother against brother tore the national fabric and left tears which only the salve of time can heal. Pressure to ensure the civil and supposedly "inalienable" rights of all our citizens found many Americans succumbing to the lure of rhetoric intent on arousing our baseless fears of race and culture. Additionally, Watergate has cast a shadow which will not soon be shortened over our entire governmental structure.

On top of these, however, are less tangible forces that have profoundly shaped American outlooks.

Our individual lives are so specialized and complex that many countrymen feel they have lost basic control over their own lives to government bureaucrats and labor and management leaders whose decisions vitally affect every citizen. Thus, the usual annual choices are now mired in fear and self doubt, rather than the customary confidence that each individual can set his own goals and guide his own future, long a cornerstone of the American dream.

The backwash from these events is now converging into a flood, and America — a relative infant in the history of nations —

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is experiencing widespread frustration and alienation among its people.

As a nation we have stumbled, surely, but we cannot use past mistakes as an excuse. We cannot shift the burden of leadership to shoulders less capable than our own and shrug in self pity that it is "not our job" to lead the world.

Peering into the future is, of course, an inexact science, but one we increasingly realize cannot be ignored. Presently, too much of our energy is expended in dealing with ephemeral problems, leaving us with patchwork solutions and a government whose lack of long range policies forces it to scurry from crisis to crisis, constantly reacting to whatever convulsion, real or imagined, may arise on the world or domestic scene.

We should instead, it seems to me, heed the words of Thomas Jefferson, to "lay our shoulders to the great points, knowing that the little ones will follow of themselves."

Reflecting now upon the concerns that will confront us in the future, I see many of the same problems which have remained unsolved for decades: energy, education, crime, urban blight, and, perhaps foremost, the nation's economy.

At first glance, our situation could be viewed as serious, even critical. But we must realize that no single nation, or group of nations, has access to a satisfactory storehouse of food, fuel, raw materials and technology — and certainly not at the prices we have enjoyed in the past. Therefore, no one can realistically hope to attain true economic independence in the near future. Cooperation, through a marshalling of international resources, becomes the key to world survival.

This country currently enjoys a surplus of food, large (but diminishing) amounts of available capital, and a head and shoulders advantage in most fields of technology. There are, however, bounties which America lacks, and oil is but the most critical. We have little or no nickel, tin, zinc, chrome or platinum. But there are nations that do, and so our best hope for the future remains in molding economic and foreign policies to fit the international situation.

The subject of this theme issue, multinational corporations, figures heavily in this economic profile, regardless of which path we choose. Estimates of their total sales now range above \$200 billion annually, and the profound socio-economic implications of the rapid development of MNC's pose critical questions for the future of American capitalism. Their impact has also moved labor and others concerned about employment to justifiable con-

cern about the impact of MNC's on the American work force, and this wariness has prodded the nation toward greater scrutiny of such corporations.

The enormous benefits of MNC's, unfortunately, are too often overlooked. Better than most institutions, they have provided an excellent vehicle for distributing the products of America's business expertise and initiative to other nations, bettering the standards of living around the world. Though some of the by-products of this phenomenon are perceived as unfortunate, I believe that the net effect has been positive.

A second often ignored benefit is that MNC's offer excellent potential, through their overseas operations, to cushion a disappointing domestic profits picture. Many firms stripped of their non-American operations would be forced to cut back dramatically, endangering jobs and the overall investment climate.

Third, we cannot ignore the positive capital effect of MNC operations. During recent years, the percentage of internally generated capital funds derived by American companies has shrunk from about two-thirds of all capital demands to only one-third. In other words, U.S. corporations are now forced to borrow for two-thirds of their capital requirements, driving up interest rates in recent years to record levels. Overseas operations, and the profits derived from them, can be important in helping to restore a proper balance of capitalizing from within American firms.

What then is the case against MNC's? Critics paint a picture of power wielding, hierarchically organized behemoths which suppress the national aims and preferences of their host countries, while profiting at the expense of the local population.

In comparison, indigenous enterprise, although frequently more efficient, cannot garner the resources which the MNC's command, creating a situation where local businessmen are inhibited to the point of extinction.

The MNC's, it is said, possess such strength because of the huge initial expenditures they are capable of applying in a host country. Supposedly this potential source of revenue is too enticing for any government to refuse.

Having gained entry, the MNC's help to solidify and entrench the political powers who allowed them access, while bringing to bear the political philosophies of their parent governments.

Recent payoff disclosures have uncovered a far seamier side of the multinationals, to be sure, and the most significant public

response has been growing concern that even the power of government pales in comparison to the MNC's.

It is indeed serious when private enterprise stands accused of causing the downfall of freely elected governments. Given the evidence, there can be little doubt that some international business transactions have involved bribes and kickbacks, and reform is certainly needed. But banner headlines which serve only to whip up a national frenzy and promote a lynch mob attitude toward American business abroad cannot obscure the fact that MNC's will not disappear and that they should not. Long after the furor dies, they will remain a critical element of the American economic system.

What can be done? Currently, the solution endorsed by leaders in both business and government involves legislation which would make bribery of foreign officials a crime in this country. Although such regulations may seem largely unenforceable, their mere presence on the books and severe penalties might act as a deterrent.

Interesting variations on this theme have been proposed. C. L. Sulzberger of the *New York Times* suggests that a maximum "commission" rate be fixed and agreed upon by industrial nations and their private companies. In his opinion, such a standard would at least limit foolish and immoral competition among firms trying to outbribe each other in lands where bribery is culturally promoted.

There are additional measures which should be considered. First, standards of reporting and accounting must be solidified and promoted by international bodies such as the United Nations and the World Bank, whose legitimacy is not easily questioned. Presently, such organizations can act only to persuade or assist. Yet few would deny that accountability ought to be the ultimate aim of international action. Even today such groups demonstrate their worth by acting as forums for critical comment.

MNC's must also attempt to better identify the shifting economic and political currents which will mark the international scene in the future. Speed and flexibility will be the watchwords of business in the years ahead. By this I mean that MNC's must come to recognize their heightened importance in the scheme of international relations. In an era where business transactions increasingly act as the cement of world stability, MNC's can play a vital role in developing a greater awareness and concern for the needs of social progress.

Finally, and perhaps most importantly, a firm belief in moral accountability must be cultivated among those who are associated with multinational corporations. The desire to enhance profits is basic to our system, but it cannot be used as an excuse for moral turpitude. Are the American people so shell — shocked from the events of recent years that they are considered immune to such chicanery? I don't think so.

A great amount of misinformation exists in the body politic about MNC's. This is true today, and will probably remain the case in the future. If corruption is allowed to rage unchecked at any level, the result will be a further poisoning of public opinion. The consequence of such outrage will be swift and terrible, seriously shackling corporate operations and signaling an ominous future for business.

In closing, I am reminded of the recent trip by a Congressional delegation to bring the Magna Carta to this country. This great charter represents the first formalized sharing of power, of the structure of law preeminent over the whims of man, and stands as the forerunner to documents such as our own Bill of Rights. Its visit to our shores is a symbolic expression of the higher refinement of law in this nation's development. More than most Bicentennial events, it serves to acknowledge and reinforce the respect and yearning Americans have for government of law, rather than of men.

As this benchmark year progresses, it would serve us well to recapture the spirit of those first few patriots who joined together in 1776 to assume the toils and risks of leadership in a free society. After careful scrutiny, they chose to break from the status quo and commit themselves to an ideal of freedom. You and I have reaped the benefits. Resolving the difficult questions before us in 1976, such as the problem of the MNC's, will assure the republic firm ground from which to grow towards its Tricentennial.