A Labor View of Technology Transfer

Code of Conduct is necessary, but it should not favor one party or nation over another

BY PAT GREATHOUSE*

The first thing that I would like to do is to make a couple of disclaimers. I notice in the program that my subject is labeled, "Labor's View of Technology Transfer." I am sure you know that labor is not a monolithic organization and therefore there is no such thing as labor's view. There are many views on many different subjects in the labor movement. I will give you what I consider a view, which is my own and which I think generally reflects the position of my union.

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The second thing is that I want to disclaim any expertise on the subjects you are discussing here. I do, however, want to congratulate the people responsible for setting up the meeting providing for workshops on those items with which you are concerned on a day-to-day basis and then having the plenary sessions for broad discussion of other topics.

Our union has a different position as it pertains to transfer of technology than a number of other unions. In fact, we could be considered dovish on this subject. You have had a number of people discussing detailed and technical matters and I would not attempt to engage in that kind of discussion with this distinguished audience. I do, however, want to talk about some problems in broad terms.

Today, we live in a one-world situation and if we are going to continue with world trade then there must be a transfer of technology. And, whether this transfer takes place by licensing arrangements or direct participation of companies, there needs to be rules established governing such transfer. One of the reasons that our union may take a different position than some other unions is that we represent employees and bargain with companies in a number of industries that have more worldwide participation than any other industries. We bargain directly with the major companies in the automobile industry, the parts industry, the agricultural implement industry, the earthmoving industry, heavy truck industry and aerospace industry which have their home offices in North America. We also have a direct relationship with the unions that bargain with other companies in these industries throughout the world.

So, whether we call them multinational companies or transnational enterprises, as they are sometimes called, most of the technology which is transferred is transferred directly or indirectly by these companies. We must be concerned not only with the initial moves but also with technology which is developed in the host country and then comes back to the home country in the day-to-day shifting of technology and operations.

Point of View

As for multinationals, some people hail them as being the savior of civilization; other people condemn them as being the root of all our problems. Examples can be found to prove either point of view. We all know that some companies exploit countries and the people of those countries; others perform very worthwhile services. I might add that there are good and bad multinationals, just as there are good and bad unions. A labor union is a vehicle through which working men and women can work together for their common good. A multinational company is a company that can be used to broaden the activities of the company.

As we have said many times, a machine is neutral, and so is technology neutral. A union can benefit its members and the economy generally or it may benefit its officers and members at the expense of the economy. A multinational company can transfer capital and technology to improve the economic and social welfare of both the home country and the host country, or it may transfer technology and capital to exploit the host country in order to maximize profit at the expense of economic and social progress in that country.

It seems to me that we must realize that the multinational companies are not going to go away and I might add that in some instances the UAW does not want them to go away. We have found out, over the past number of years, that the U.S.-based auto companies were not interested in exporting cars from the United States, that they would much prefer to export capital and technology to other countries and build and sell cars in those other market areas of the world. At the same time, they were not interested in developing fuel-efficient small cars to compete with the foreign imports. This has resulted in a large market of foreign imported cars in the United States.

Our union has taken a position that, when imports reach the proportion such as they have with Volkswagen, Toyota, Nissan, Honda and other companies, that those companies, if they are going to compete in the

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United States market, should locate plants in this country. They should produce at least some of the cars in this country that are to be sold in the U.S. market. We have encouraged the spread of multinationals because we are well aware that we are moving closer to a world car and, if there is a world car, we think it should be produced in the major areas in which they are sold.

Coordinate Unions

I am sure you will all agree that there needs to be certain control over trade unions. However, unions operate in a single country and therefore controls can be, and are, levied on a country-by-country basis. For multinational companies, however, the situation is different. Decisions can be made in central board rooms to build a plant, buy a plant or go into a joint venture with another company or government anywhere in the world. The basic decision for operating the company will still be made in the central board room, regardless of where the plants are located.

If a company makes a decision to export capital and technology and build plants in other countries, you cannot export the union because there are already trade unions in these countries. There are national trade union centers and there are methods of negotiating for various items in those countries.

Therefore, it becomes imperative that the trade unions establish a relationship with trade unions in other countries in similar industries. They must coordinate their activities.

With the multinationals operating in more than one country, they compete with domestic industry as well as multinationals from other counries, and therefore there must be basic rules and regulations governing their conduct.

The question is not only what the rules will be but who will administer those rules. Individual countries cannot govern multinationals because governments are different, goals are different, countries are different, and rules may be established to discriminate against one or more companies that are in competition with each other.

For example, on the North American continent we bargain with companies in the same industry, competing with each other, some of which have their home base in the United States and some in Canada. If either Canada or the U.S. makes rules that are harsher on the companies than the other country, then that company may either move its world headquarters or it may be at a disadvantage in world competition. So again, if it is not controlled by an individual country, who will control it.

OECD a Good Start

The OECD has made a good start with the assistance of the Business and Industry Advisory Committee (B.-I.A.C) and the Trade Union Advisory Committee (T.U.-A.C.). However, the guidelines established by the members of the OECD only apply to each other and not to developing countries outside the OECD, and are also looked upon, by many people, as being very paternalistic.

I used to believe that the proper organization for adopting rules controlling multinationals was the I.L.O. I felt this way because of the tripartite makeup of the I.L.O., having representation from government, business and workers. However, after having been a member of the U.S. delegation to the Annual Conference in Geneva in 1975, 1976 and 1977, I have changed my mind.

During those conferences I became convinced that the annual conferences were completely dominated by the lesser-developed countries, especially the "group of 77" and their friends, whose aims and goals regarding the transfer and use of technology are much different than those of both industry and labor from the developed countries. I have now become convinced that the U.N. is the best bet for working out controls, and on that we note that work is going forward.

I believe that codes of conduct must be formulated and that they must be in the best interests of both the home country and the host country. They must support economic and social progress of both countries. Companies must not be allowed to run away from one country and locate in another country to get away from reasonable environmental requirements. Codes must recognize technology as a resource, the same as raw material, and not give in to the position of less-developed countries which think that technology should be passed on to them as a matter of right without compensation.

We must also remember that much of our technology is developed with tax dollars, such as during war time, the Apollo program, and now much of the energy research. We must also realize that capital is generated by management, labor and government working together, and should be used in the national interest. Transfer of technology must not be used to move jobs into low-wage areas and then import finished products back into the home market. Codes of conduct must provide sound business practices in transfer pricing so that companies cannot take advantage of host countries or tax laws in their transferring of products from one country to another.

Since multinationals have greater access to finances than domestic companies and may be in a position to exert pressure on host governments by threatening to withhold or withdraw investment, this must not be used on a political basis. Codes should also require the reporting of profit on a country-by-country basis to the same extent that national companies are required to report.

Need Rules

Another problem that must be faced up to is the "unpackaging" of technology. Rules should be established which would not allow one country to only admit technology and capital without the right to operate within their country, while they, at the same time, want the right to carry on full operations in other countries. I believe that multinationals are here to stay; I believe that they can help to build a better way of life; I do not join with some of my friends in wanting to destroy them.

I said earlier that the machine is neutral and so is technology — the question is how are they to be used. I accept that most companies want to do the right thing but, human nature being what it is, with the pressure

for profit and efficiency, there must be rules under which people will operate. We have speed laws and other laws to protect the majority from the minority, and all of us from excesses from time to time. But speed laws without police would be ineffective. If multinationals in trade, finances, manufacturing, are going to operate on a world basis then we must have rules clearly defined and enforced by a world organization.

Recognizing the value of technology, as well as raw material, in promoting a balanced world economy, we have no choice but to work out an orderly procedure for sharing these prerequisites for a balanced development of that world economy. To give direction to companies and to countries and to promote meaningful competition, we must have a mandatory code of conduct covering the transfer of technology understood by all and enforced by the United Nations.