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THE IMPACT OF THE ACTIVITIES OF TRANSNATIONAL CORPORATIONS ON UNESCO'S FIELDS OF COMPETENCE

by

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INTRODUCTION

The most striking feature of these past twenty years has been the ever-increasing internationalization of production. This phenomenon affects every form of capital: trade in products and commodities, capital movements, and, above all, production processes. The major economic powers are shifting: "Rome is no longer on the Seven Hills", as C.A. Michelet has said (1).

The protagonists of this process of internationalization have been firms whose strategies span the globe: we shall call them Transnational Corporations to make it clear that these are firms operating across national boundaries, but from a specific national base (2).

To be precise, in the words of the United Nations definition, transnational corporations "own or control production or service facilities outside the country in which they are based. Such enterprises are not always incorporated or private; they can also be co-operatives or state-owned enterprises" (3).

This definition has the merit of being wide-ranging, and can be used to cover the whole phenomenon of internationalization of capital. It also encompasses the fact that TNCs operate in every sector of activity, whether industrial, financial and banking, or the service sector.

Seen as a feature of modern economic history, as the consequence of a world shrunk by modern transport and communications, or as the sine qua non for survival of the industrialized nations' economic systems, TNCs never fail to raise a storm of controversy.

Thanks to their efficiency and fast response to change, TNCs quickly became the models for an ideal of management, and remained so far as long as the host countries regarded their effects on industrialization and employment levels as positive. This initial euphoria, however, gave way to a period of doubt and even hostility, as the effects initially considered beneficial were weighed up in the light of the nation states' loss of independent decision-making power, their awareness of the increasing instability of the resulting growth processes, and an appreciation of the socio-cultural distortions introduced.
These comments suggest that the primary question raised by the TNCs is one of power. A list of the 100 top GNPs and TNC turnovers together speaks volumes on the weight the biggest of the TNCs can wield (see Appendix I).

This weight, and the power it implies, are essential factors in the general background to any analysis of the effects, and more specifically the socio-cultural effects, the TNCs may have.

Thus the question of how developing countries are to play their part in the world economy is no longer a question of access to markets but is closely linked to the way in which TNCs operate within national boundaries. For many countries, transnationalization of financial and monetary circuits, the re-location of manufacturing units, the changes these trends bring to existing patterns of power, mean a deep-rooted change of direction. Nation states, it is argued, will give way to Territory-states with a very limited degree of independence, whose socio-economic structures will be defined by the place they hold in the world system (4).

Is it credible, in such a situation, to suggest that the new international economic order and the desire not to spread the Western model of development can go hand in hand? Can we really agree that transnationalization has no effect at all on the social and cultural independence of a developing nation? Surely we have to admit that the opposite is true - that the internationalization effected by the TNCs in capital and production processes results in an international spread of lifestyles, consumer styles, education systems and socialized forms of labour (with their own types of hierarchy, skill and working relationships) proper to the countries where the TNCs are based? Surely we must recognize that these lifestyles will clash with the original way of life of the society in question, that they will absorb them and even completely annihilate the age-old traditions of these countries? Surely, in other words, the activities of the TNCs, as they stand, are incompatible with endogenous development?

These fears led the Economic and Social Council to ask the United Nations, in 1972, to study the rôle and the effects of TNCs on development. UNESCO thought it important to contribute to this survey as from 1975, within its own spheres of competence, further to Resolution 3.232 adopted by the General Conference at its eighteenth session in 1974.
Since then, UNESCO has been working hand in hand with the United Nations Commission on Transnational Corporations and takes part in any exchange leading to the drafting of guidelines on the activities of TNCs. In this context, the ad hoc working group agreed on the following text: "TNCs must respect the socio-cultural objectives, values and traditions of the countries where they operate. Although economic development usually goes hand in hand with social change, TNCs must avoid any practices, products or services which may damage cultural patterns or socio-cultural objectives set by the governments involved."

Based on the above, UNESCO had helped to gain universal acceptance of the following guidelines:

- recognition of cultural identity as a national objective;

- recognition of a code of ethics in scientific and technological fields, and, in particular, of the need to facilitate access to scientific and technological discoveries;

- free circulation and widespread and balanced dissemination of information.

UNESCO's action was concretized by two experts' meetings (one at UNESCO Headquarters in 1976 and the other in Helsinki in 1978). These meetings resulted in the drafting of recommendations that were laid before the 19th and 20th sessions of the UNESCO General Conference, as Proposals to the Director General as to UNESCO's contribution to the study of the influence of TNC activities. A general report was submitted to the 21st session of the General Conference in Belgrade in 1980.

The present document draws largely on research carried out by UNESCO and embodied in several working papers and two publications:


In the first part of this paper we shall discuss methodological problems raised by the study of socio-cultural relations between TNCs and developing countries. This will enable us to look more closely, in the second part, at each of UNESCO's spheres of competence.
PART ONE

METHODOLOGICAL PROBLEMS RAISED BY THE STUDY OF THE IMPACT OF TNCs ON THE SOCIO-CULTURAL IDENTITY OF DEVELOPING COUNTRIES

The problem can be expressed succinctly as follows: faced with an essentially economic problem of major and rapidly-growing importance, nation states have tried to lay down procedures that will enable them to pursue some sort of continuous development in line with their cultural identity. This "endogenous" development involves long-term, complex processes which are likely to be profoundly distorted by forces presently at work in the world economy. We should avoid acceptance of two preconceived ideas:

- firstly, the idea that the TNCs' structuring of the world system is irreversible and excludes any intrinsic existence of national identity.
- secondly, that there are no limits to what a politically sovereign state can do and no socio-cultural patterns are ever irremediably destroyed.

Rather than adopt either of these extreme positions, we decided to discuss the nature of the relationship between TNCs and the concept of endogenous development in an open-ended way and thus provide a framework for analysis of the socio-cultural impact of TNCs on the identity of developing countries.
I - TNCs AND ENDOGENOUS DEVELOPMENT

The main concern of UNESCO was to study the effects and implications of the development of TNCs in socio-cultural fields and with reference to the concept of national endogenous development.

This study examines the interplay of two complex systems, the "transnational system" on one hand and the socio-cultural systems of developing countries on the other. These two systems work on two sets of principles that are by their very nature in conflict; the rationale of each is diametrically opposed to the other. Therefore, fears of a more or less irreversible, profound distortion of the cultural fabric of these societies may be justified if the socio-cultural impact of values spread by the TNCs push the countries along avenues of development other than those chosen by them.

The above points to the need for a framework or yardstick for activities in the fields of competence of UNESCO. As a first step, therefore, we shall analyse this yardstick, endogenous development, examining its main features and its status as an operational concept. This will allow us to explain the socio-cultural impact of TNCs and should show how they hinder the aspirations of societies anxious to consolidate their socio-cultural identities.

I.1. Endogenous development

This concept emerged from the discussion on dependence that has prevailed in international fora since the end of the Second World War, and was coined by the Report of the "Panel of Counsellors on Major World Problems and UNESCO's contribution to Solving Them" (5).

I. 1. 1. General features of the concept of endogenous development

Although debate on the New International Economic Order centres largely on economic questions, some wider concept of development is essential to any approach to greater equality among the peoples of the world today.
UNESCO has contributed to this change of emphasis to a large extent. (6). In 1976, the General Conference of UNESCO was already stressing the fact that "the advent of a new international economic order will depend not only on political and economic factors but also on socio-cultural factors, whose role in development grows ever more important and whose importance is paramount in the struggle of the peoples of the world against all forms of domination." (7).

"The problems of peace, of the rights of man, and of the survival of mankind are not to be separated from the problems of development itself. For this reason we should look beyond economic development. What is necessary is to seek an optimal and global socio-economic solution which will benefit all mankind. We must therefore give up thinking of the centres of economic power as the sole repositories of truth, civilization and universality (...) Once it is seen as global, development can no longer be the direct extension to the whole world of the knowledge, ways of thought, lifestyles or experiences specific to a single region of the world; each local development must be related to its own values and culture." (8)

The dual dimension of the problem is thus apparent:

- the answer to the overall development problem does not lie in the spread of a uniform model for development
- the answer lies in endogenous development, or placing development in the context of local values and cultures.

The re-centering of development on national culture implies that priority use should be made of domestic resources and endogenous accumulation of research and knowledge promoted and used. This suggests that the wealth of knowledge produced and built up by states within their own cultural patterns can be held up in opposition to power held by external agents such as TNCs by virtue of their control of the production and dissemination of knowledge. This, however, implies that each country's right to "adopt the economic and social system it sees as best suited to its development" is upheld (Resolution 3201. § 4d.. Reference is thus made to states' political power to dictate their own development processes.

This remark reflects Ama-ou-Mahtar M'Bow's definition: "Endogenous development can be defined as a society's conscious and legitimate rationalization and planning of the changes it aims to introduce in
the interpretation of its past, the organization of its present life style and its overall vision of its future." (9).

Thus, the concept of endogenous development implies:

- an all-embracing view of development, i.e., an integrated concept that is not strictly quantitative but which is mindful to link up economic and socio-cultural aspects.

- re-centering the state's projects within the context of a historical heritage the state will consciously decide to keep or change;

- sufficient independence for the nation-state in the exercise of its decision-making powers.

If, however, we are to look beyond mere economic development, this implies taking a stand on a certain definition of culture. For our purposes, we must accept that cultural patterns are rooted in a number of different spheres including the economic sphere. Consequently, any idea of culture is at the crux of national identity and civilization. This is the approach adopted by UNESCO in its Medium-Term Plan, when its asserts:

"We must go way beyond the narrow, elitist definitions of culture, restricted to the fine arts and literature, a luxury product reserved for the privileged few. Culture, in the fullest sense of the term, is the wellspring of any society; it is the expression of its people's creativity, its modes of production, the way they share material wealth, how they organize society, their faith and ill fortune, their pipe dreams and their triumphs." (10)

On the basis of the above definition, we can formulate two main principles of endogenous development. The first principle is that of cultural identity. It implies the recognition of each nation's right to uphold and live in its own culture. This does not mean that communities should draw into their own shells but, on the contrary, that they should appreciate each others' cultural values, should integrate fully into the development process. For communities that are rejected or marginalized today, this means the right to be different and to participate fully in any dialogue." (11)

Cultural identity is thus founded on the principle of cultural pluralism, and is the best warranty of the existence of emergent states as nations in their own right. In many cases, the status of cultural minorities
raises problems of cultural coherence, an essential condition for the existence of the nation-state as such. Respect of cultural minorities demands an effort for integration, and failure here would lead to the destructuring of society, and thus to increased sectarianism and cultural alienation which would render any quest for endogenous development meaningless.

The second principle concerns the implementation of endogenous development. This process must involve the people as a whole and should emanate from them. Cultural values should be construed and readjusted by the groups that create and live them. This is the only way of ensuring a genuinely human blueprint for civilization through endogenous development. Endogenous development implies the acceptance of a gradual build-up of authentic values, a process completely incompatible with the wholesale adoption of imported cultural norms.

A fundamental question remains unanswered however. Can the concept of endogenous development be set against the logic behind TNC activities and thus throw light on the channels that vehicle the effect they have and also suggest steps that could minimise the adverse effects?

I.1.2 The operational status of the concept of endogenous development

The foregoing hints at the difficulties inherent in the use of the concept of endogenous development as a standard or ideal to be worked towards in gradual stages. Clearly this image can be used as a frame of reference for the international community, but it is an unwieldy yardstick for precision projects such as the drafting of a code of ethics for TNCs or improving the abilities of states to negotiate with TNCs. Because the concept is wide-based, it can have no grasp of the level of constraints in developing countries, such as geographical or political context, or economic dependency.

Thus, while endogenous development should be borne in mind as an ideal frame of reference, it should be used to measure minima rather than maxima. This means that instead of asking the question: "How can we achieve endogenous development?", we should wonder: "Given the limits of the situation, how can we avoid irreversible socio-cultural dependence?"
This second question means that we have to define, for each case:

- the socio-cultural heritage peculiar to the nation in question;
- the legacy left by colonialism, neo-colonialism and other outside influences;
- the present-day blend of the above, and the resulting coherence or incoherence in the society concerned.

Having defined these factors, the next step is to determine whether TNC action in certain fields can lead to a breakdown in the structure of society manifest in forms of dependence which seriously or irreversibly affect the social characteristics of the nation.

Of course, this raises the problem of how to situate this point of no-return. In some sectors, one can identify behaviour patterns which have almost unquestionable effects from this point of view.

In any event, although the all-embracing idea of endogenous development has an important role to play in the level of awareness in developing countries, it must go hand in hand with a less abstract tool if an empirical approach is to be developed.

I.2. Essential conditions for an in-depth study on the relationships between TNCs and developing nations.

If endogenous development is to be used as a tool in the study of the impact of TNCs on culture, education, communications, science and technology, a suitable method leading to clear guidelines for action is indispensable.

As was suggested above, the concept of endogenous development resulted from a merging of the concept of development and the concept of culture. Development as a concept broadened to embrace social and cultural aspects as well as the traditional economic ones, and culture did likewise by integrating economic and social factors.
Development is therefore to be seen as both an economic and a socio-cultural process, defined on the basis of the right to and need for a cultural identity, which is itself a cultural and socio-economic concept. However, the wider the definition of development, the blunter its cutting edge when it comes to empirical analysis. To avoid losing an important tool, we need to investigate more thoroughly the problems involved in integrating the two spheres.

Rather than studying the impact of the TNCs on endogenous development and deciding on a definition of their harmful effects, the first step should be to analyse the actual relationship that builds up between two systems, the TNC and the developing nation.

These two systems, like all fully-fledged social systems, are characterised by:

- a value-system: a set of norms which are simply ways of perceiving the world, and on which a society constructs criteria for choice which, in a given situation, decide behaviour.

- socialization processes, involving interpersonal relationships and the way these are reproduced or changed (i.e. social ranks). The mechanisms of social and industrial production, social mobility mechanisms, the way individuals see and relate to their physical environment, all these depend on socialization patterns, and these are largely dictated by class structure and power relations, forms of labour, and the ways in which time and space are used.

- a type of organization of production and the economy characterized by a certain division of labour, a certain set of technologies, a certain type of production unit (size, organisation, form of management etc.).

The achievement of a thread of coherence between all these spheres characterizes culture in the wider sense of the word, as defined above.

The education system is therefore a key integration mechanism since it weaves the thread of national coherence into every field in which it is involved. It influences the value-system through the knowledge it helps pass on and reshape. Education socializes individuals, since it produces skills, with all the consequences that entails for conceptions of hierarchic organisation and social relations in general. Education is also involved in the organisation of production, since it contributes through research to the discovery and implementation of new techniques, and guides graduates on their entry into the productive machine through its handling of the training/employment relationship.
The communications system is very closely linked to the value-system, since it influences perception, conceptions, needs and behaviour. The influence of the media on perception depends on the kind of information and the codes they transmit. The codes passed on considerably shape those of the individuals receiving them. Their impact on conceptions and behaviour expressing need depends on whether or not the codes passed on and the decoding faculties of the people are in harmony (advertising is a case in point). The influence of the media on behaviour and life styles rests essentially on the hierarchy of choices put forward and the view of the environment this entails.

Lastly, science and technology produce know-how and new skills, and socialize the individual through work. Their effects are mainly felt in the type of productive and economic organization (division of labour for example) and its social consequences; but their impact on the value-system, eg. in the perception of modernity, should not be underestimated.

More concretely, it should be stressed that in developing countries there are several levels of integration between the fields mentioned, and each reflects a specific culture. This does not necessarily mean that these societies are developing incoherently. Cultural identity as a goal is there to weave these several cultures together and ensure their survival. It is therefore the duty of the nation-state to avoid three forms of breakdown in the fabric of society:

- the first risk is the development of too wide a gap within one sphere. The spread of mass-consumption values based on material goods in a traditional society can easily create serious disruption of cognitive codes, will distort conceptions and culminate in behaviour which is aberrant in relation to the limits of the society in question.

- the second form of breakdown could result from a lack of communication between sectors of society. A modern factory, for example, organized with no considered change in socialization patterns or sets of values may serious disturb the personality of the workers concerned because of the ensuing hiatus between life at work and life at home.
- the third fairly common form of breakdown is a result of a lack of communication between several different ways of coherently integrating these three spheres. This leads to incoherence in the society, with one dominant cultural pattern controlled by the ruling classes and a number of fringe cultures, present neither in the norms nor the power structures of that society.

The key methodological problem is thus to understand how the TNC's culture (its way of integrating a set of values, a pattern of socialization and a type of economic and productive organization) clashes with the nation's culture or cultures.

II. IMPACT OF THE TNCs ON CULTURAL DEVELOPMENT AS A WHOLE

Any study of the relationship between transnational socio-economic systems and a national socio-economic system immediately reveals the inherent conflict between the two, based on the following:

- Despite a considerable drop in the flow of direct investment towards developing countries between 1974 and 1980, the trend towards the internationalization of capital grew steadily throughout the seventies (12), to a degree quite incompatible with the slow and complex process of the consolidation of cultural identity. This is reinforced by a tendency among local firms to imitate the TNCs. Logically, therefore, TNCs can be seen as a force that unfailingly and powerfully shapes national development into the socio-cultural mould that best suits its own growth.
Moreover, there is a basic contradiction between the aims of a society aspiring to a solidly-grounded cultural identity and the strategic aims of a TNC. This idea must be enlarged on, since regardless of whether they may set out to impose their own cultural domination, TNCs are by their very nature in conflict with national strategies to uphold cultural identity.

II.1. Reasons for conflict in the specific nature of TNCs

The difference between a TNC and an ordinary company is above all that a TNC does not stop at exporting its output; a TNC seeks to go beyond the framework of international relations by drawing some of the elements of its environment into its own system, its own logical scheme of things. In so doing it creates new forms of association, new combinations, that provide it with features and properties a national firm cannot possess. The recasting of these elements within the company's system takes it onto a higher plane in terms of its capacity to integrate existing potential and from it create something more. This search is a constant one in growing TNCs. It means using the natural resources of the developing countries, and also absorbing their human resources and, indeed, integrating whole processes into the firm's system: production processes, for example, or processes for expropriating agricultural surpluses. The aims the TNCs pursue in this process, the organizations they set up and the adaptation mechanisms they use are different from those of the host state and often ill-suited to a consciously-chosen national development process.

II.1.1. Conflicting goals

It may not always be easy to say whether TNCs improve the lot of developing countries economically, but in socio-economic terms the situation is quite different.
It is true that the TNCs seldom ask themselves what the socio-cultural consequences of their actions will be; still less do they put forwards any solutions, whereas this is an essential problem for the developing countries. Generally speaking, since the TNCs' aims are essentially economic, they incorporate purely cultural aspects only where they are needed to attain the corporation's goals, such as maximizing profits or growth. At best, the developing countries' demands in terms of cultural identity are treated as constraints imposed by the environment. It is no exaggeration, then, to say that the goals of the TNCs come into conflict with aspirations towards endogenous development because they minimize the value of the socio-cultural sphere. Three reasons support this claim: firstly, TNCs foster a value-system defined by their own rationale; secondly, TNCs bend the personalities of their staff to get them to subscribe to the company's aims; and thirdly, in some sectors, TNCs actively downgrade cultural values for monetary gain.

II.1.2. Three ways of downgrading the socio-cultural sphere

The first way of downgrading what we have called the value-system is to define values in strictly economic terms. There is no doubt that the values propagated by the TNCs are essentially materialistic ones largely subscribed to in industrialized countries and accentuated by the TNCs as they pass them on. The quest for profit is often accompanied by a personal moral code advocating efficiency and mobility. Technological advance pushes the demand for rationality to extremes which can be described as a distortion of the human cognitive process. Whatever is non-rational in a technological sense is labelled irrational and equated with immature, primitive, inferior ways of thinking.

In other words, all cultures are forced out, to make way for the company's organizational rationale. This is a far cry from the thinking which, at least unconsciously, underlies many national demands for cultural identity, and which is more concerned with meaning than with truth, more concerned with the totality of human attitudes than with rationality. Although the opposite tendency may occasionally be observed, the general rule for TNCs is that something is amiss if ever a degree of efficiency is sacrificed in
favour of any other objective. A significant and growing part of the training programmes for future TNC executives is devoted to raising their awareness of the difficulties they will be meeting in developing countries as a result of the "archaic" and "traditional" attitudes which prevail there.

There is no question, in such cases, of incorporating these values into the subsidiary's way of working so as to come up with technical solutions that make use of them. They are always seen as a brake on the firm's expansion, to be overcome by making structural adaptations or indeed by setting procedures in motion to change the values in question. The latter reaction has tended to become widespread in recent years as the TNCs' control over the world communications system has grown.

The second way the socio-cultural sphere can be downgraded concerns the TNCs' employees more specifically. The local employee leaves part of his personality at the door as he dons his company image to fit in with his firm. It is a constant preoccupation for TNCs to get the people who make up the workforce to move and think beyond their national terms of reference; for some it is a priority objective. For example Mr. Gloor, General Manager of Nestlé Foods, has the following to say of himself and his colleagues: "We cannot be regarded as just Swiss or just multinational, if multinational can be taken to mean a citizen of the world. We are probably something between the two, a race apart. In short, we have a special nationality: we're Nestlé nationals." (13).

Many studies of TNC employees point to "cultural convergence". D.L. Schaup, for example (14), considers that this is because all countries of the world have the same economic motives, and that these are enough to bring management philosophies and practices towards a common model. We would explain it rather as reflecting the TNCs' ability to reshape their employees' personalities to their own ends. This emerges clearly from other studies, particularly a survey of 13,000 IBM employees. The author observes that the firm's employees had surprisingly similar aims whatever country they were from, and adds that this finding "has extremely important policy implications: since the goals of employees are similar internationally, the firm's corporate policy decisions, to the extent that they are based on
assumptions about employee expectations, can also be international in scope" (15). It is quite plain, therefore, that the firm sees cultural unity within the corporation as a sine qua non for the achievement of corporate objectives. There are grounds for thinking that in the longer run the very big TNCs will strengthen the procedures for bringing this about.

This shows that the TNC tends to create a world cultural base to match its world economic base. This is precisely the aim of management training programmes set up by TNCs. What is particular to TNCs compared to any other type of industrial formation is thus that they apply a single, universal model to individuals whose socio-cultural environments are infinitely more varied than they would be within any one nation's territory. The resulting cultural levelling leads to a downgrading of the socio-cultural at all levels, since it cuts it off from the main source of cultural creativity: diversity.

There is a third way in which socio-cultural factors are downgraded, and this is bound up with the methods some TNCs use to generate their profits. This can be illustrated from the tourist trade, where some companies reap profits from tourism by keeping running costs on a site and its local staff to a minimum. Thanks to their virtual monopoly in the management of these sites, some TNCs in the field deliberately undervalue the cultural scarcity value when negotiating the terms for use of the site, and so enjoy a wide margin when selling the "product" as a tourist attraction. More generally, where cultural heritage is belittled or ignored the way is open for natural resources to be intensively exploited without the restrictions industrialized countries impose to protect the environment; and this gives rise to the most flagrant examples of the conflict between culture and profit, reminders that tourism can only be a genuine form of development to the profit of the community when it is part of an overall, national development programme (16).
II.2. The socio-cultural impact of resource absorption strategies

In most cases TNCs set out to make use of the raw material and human labour resources of a developing country.

II.2.1. The mobilization of natural resources

Although agriculture, mining and petrochemicals all have their own specific technologies, they do have a number of common features.

In the first place, the processes involved cannot easily be broken down into stages, and the state therefore has to a large extent to surrender those parts of each process they could otherwise have carried out themselves. The vast concessions of colonial days have now given way to more flexible arrangements, with the states in question gradually recovering control over a part of these activities; but the fact that they cannot easily be divided is still plain to see, even in agriculture, as the TNCs still own huge concessions. New arrangements have barely changed the situation, since most of the states concerned subscribe to the new techniques in each sector, and this means that the primary industries, where TNCs play a major part, still cover vast areas and still use standardized production techniques. A distinction should be drawn, however, between commodities like oil, copper and bauxite and agricultural products like coffee, cocoa, sugar and cotton. The former involve capital-intensive production processes with a high level of organization and skills, and are bought and sold between companies of the same group (a typical feature of vertical integration strategies), whereas agricultural products may be produced in a number of different ways and are largely sold on the open market. As a result, both technical constraints and barriers against competitors seeking to enter the field play a far more important part with the former group of commodities.

Secondly, all these commodities are generally produced a long way from any urban settlement, often in sparsely-populated areas where they act as centres of attraction.

Lastly, they serve as inputs for the next step in the processing chain,
sometimes in fairly complex production systems. This means on the one hand that the income side is based more on capital than on labour (labour-added value in these activities being generally quite low), and on the other hand that prices depend on world prices. If we add that the work in these fields is heavy and arduous, we have an adequate general picture of these industries for our purpose.

We can now attempt to define the socio-cultural consequences of this absorption strategy by reference to its four most typical features.

Firstly, activities utilizing natural resources turn peasants into wage-earners. This trend, very strong in the early stages, changes local value-systems, destroys precapitalist modes of production, levels out ethnic diversity and profoundly alters social structures. The TNCs' specific rôle in this process is difficult to pinpoint exactly. They seem to have given a new lease of life to colonialist tendencies (in many cases, indeed, the same firms continue to operate after independence), and also to have contributed to urban drift by shifting to more capital-intensive production processes. Here again, however, the distinction must be drawn between the extractive and mining industries, which uses little direct labour, and agriculture, which uses very much more. Scholars also agree that agriculture tends to offer insecure, seasonal employment, often to unskilled migrant workers; and the work available is often thankless.

Secondly, the development of this sort of production has a socio-cultural impact through income distribution. Since agricultural and mining products depend on world commodity prices, the wage bill is probably aligned on this (more in the numbers employed than in per capita wages). Further, wage levels are determined by two contradictory factors: firstly, the country's need to draw off a surplus from these sectors to finance industrial development, which means that salaries in the primary sector cannot be determined by productivity; and secondly, the integrated TNC will always be tempted to lower the transfer price for primary intermediate-consumption products in order to increase profit margins for the downstream subsidiary using the product. Even where the TNC has decentralized its primary production, it generally prefers to generate profits in its processing subsidiaries than in those operating at primary product level.
Many states, however, have managed to improve their position, either by buying up part of the agricultural surplus through stabilization funds (for coffee and cocoa especially), or, for mineral commodities, by reaching an agreement with the TNCs that the processing plants will be based in the developing country. This step forward has undoubtedly put the state in firmer control of the economic side of operations, but has done nothing to improve the lot of the agricultural labourer. The labourer, lured initially by new consumer goods, sees his purchasing power continually eroded as the prices of industrial products soar ahead of agricultural prices. He is cut off from his peasant roots and values and drawn by the city. These factors together are enough to explain the massive townward drift found even in countries where primary production is flourishing.

Thirdly, at least as far as mining and oil are concerned, the TNCs tend to import whole technical systems including production methods, skilled labour and even, for oil, most of the unskilled labour. This results in the propagation of an integrated culture with which the inhabitants of often sparsely-populated regions will have to cope.

We should note, however, that TNCs employing this strategy do organize a good many social and cultural programmes such as health and educational infrastructure; we shall consider these trends later.

II. 2.2. The mobilization of human resources

The discussion in this chapter will be strictly confined to the socio-cultural effects to be found in developing countries when TNCs introduce forms of labour organization based on the use of an abundant labour supply. Firms basing their worldwide expansion on the mobilization of human resources are essentially those operating in textiles, clothing, footwear, mechanical and electrical engineering and electronics. They undoubtedly make a major contribution to the growth of employment in developing countries. They operate mainly in Asia, using highly labour-intensive methods. In the Republic of Korea, for example, firms use an organic labour component twice that in industry as a whole. Indeed the main reason for TNCs to settle in these areas for these sectors is to take advantage of the
lower labour costs, which make it profitable to export to the industrialized countries. In this respect the clothing, textiles and footwear industries must be distinguished from mechanical and electrical engineering and electronics: the former are hardly integrated and sell a fair proportion of their output in developing countries, whereas the latter are often very highly integrated, their output being often destined for transfer within the same firm. This suggests that the two types of industry have different effects: with textiles, clothing and footwear, there are few obstacles to entry into the field and local firms can enter the market by imitating the TNC subsidiaries; but in mechanical and electrical engineering and electronics, the degree of vertical integration and the barriers to market access are such that local TNC subsidiaries are often mere window-dressing, offering no kind of model for imitation. In spite of this, many developing countries clamour for this type of industry because they create jobs in the cities and help to improve the balance of payments.

Potential areas of conflict with the developing countries are thus restricted to the cultural consequences of the forms of labour organization introduced there, and primarily of the organization of production and the socialization it entails. It is through these aspects that this type of venture in developing countries can alter the social coherence of a nation.

The common factor these industries share is that each task is broken down into its simplest components by introducing an assembly line or (as with textiles) by comparable means. These are the industries in which the compartmentalization and simplification of tasks as a result of mechanization have had most effect, including, more and more, the introduction of automated machines. As is now recognized, the worker now carries out simple, often repetitive movements, a cog in the machine of the collective workforce more than a worker in his own right. On the other hand, the simpler assembly or production jobs become, the more complex becomes the design stage. As manual jobs are progressively de-skilled, engineers and researchers rise to a higher skill status. This shift in skills goes hand in hand with new kinds of internal corporate organization in the subsidiary: ranking by status, ranking by job function, varying degrees of decentralization. All these organizational forms are designed to give adequate control in managing the compartmentalization of the technical side.
The rôle played by the TNCs emerges more clearly when one considers that it is the least skilled stages of production that are usually set up in developing countries. In other words, the execution is shifted to the developing world while the design, supervision and most of the management aspects remain in the home country. This particular phenomenon is most acute in the electronics industry, where growth is one and a half times as high as elsewhere, with semi-conductors growing at one and a half times the rate of electronics as a whole. Assembly is usually based in developing countries and the high-technology stages of production - mask-making and wafer fabrication - are kept in the home country. Hence the only benefit to the developing country is the acquisition of skills learned in assembly work; and this is in any case very low-skilled work with a low technical content.

II.3. The socio-cultural impact of "realization strategies"

This type of strategy involves decisions over markets for the TNC. The corporation will seek to expand the market for its products in order to build up a stable base and to be able to grow. In other words, the search for fresh markets can either be a defensive measure, to offset fiercer competition in its traditional markets, or an offensive measure to spread the cost of a new technical advance and ensure satisfactory returns on the investment involved. Two types of activity are involved in a "realization strategy": firstly the sale of capital goods (and here the problem of the transfer of technology rears its head), and secondly the sale of consumer goods and services.

The sale of capital goods or plant implies the transfer to the host country of the particular type of labour process and socialization pattern demanded by the plant and machinery in question. TNCs are increasingly delivering turnkey factories and production-ready industrial plant; and with them they supply a whole chain of services from construction, training and commissioning to management, so that along with the purely technical system, a labour system and a social system designed in the industrial countries are introduced into the developing country. Everything said in relation to human resource absorption strategies applies here, therefore, except that sales of capital goods create fewer jobs, but require, in some cases, skilled staff who may be recruited or trained locally.
Here vocational training becomes crucial, and this explains why, in the opinion of major contractors, the training factor has become vital to the customer's choice, often more vital than price. Apart from the training aspects of the actual "production-ready" contract, co-operation agreements for training technical staff are often insisted on by the host country. This type of vocational training is either provided by the contractor or by specialist training firms, or, again, through bi-lateral technical co-operation agreements. Vocational training is vital for the host country's understanding of the technology involved, and thereafter to its ability to choose between technologies and adapt them to its own needs. Further attention must be given to the way this sort of training and these technological enclaves fit into the education system as a whole, and the social system in general. This raises the wider question of the applications of science in traditional societies.

Secondly, a "realization strategy" involves goods and services for the end user. The TNC aims to sell its products on an increasingly wide market, and in so doing will standardize its products; the TNC's problem here is to narrow the gap between a standardized mass product and the varying tastes of a number of peoples - tastes which are in fact expressions of socio-cultural differences. The firm's marketing strategy is to reshape both the product and the customer so that the TNC's norm and the customer's tastes are reconciled. Marketing strategy manuals are full of advice as to how to reconcile the two without changing the basic features of the product.

TNCs are often led to set up subsidiaries or sales offices in order to glean the necessary information on potential markets, since these branches are closer to the customer and can advise on how the product should be modified. The TNC then tries to alter customer attitudes through advertising. Here again, adaptation is vital. The famous Esso slogan "Put a tiger in your tank" was a resounding success in the USA and Europe (although the French preferred "motor" to "tank"), and showed positive results in tests in those Asian countries where the tiger is a symbol of strength and beauty. But in Thailand the campaign was a failure, because there tigers do not symbolize strength or power. It should be stressed here that this form of "realization strategy" can radically change the norms of traditional society by opening the door to a veritable cult of materialism. For the most part,
fresh needs will emerge, and with them a latent risk of frustration due to the gap between the aspirations and the purchasing power of the people concerned. The TNCs' distribution of standard products goes hand in hand with the spread of modern distribution networks which tend to take over from the traditional markets which are so vital as vectors of interpersonal communication in developing countries.

In conclusion, it should be stressed that TNC strategies are rarely compatible with the safeguarding of cultural identity. A number of studies have pointed out that the "foreign body", the TNC, imposes its own rules, behavioural norms and social patterns, which in the last analysis radically change the shape of society and, in particular, of the public authorities (17).

Having discussed the methodological problems raised by any study of the socio-cultural impact of TNCs, our in-depth analysis of the consequences of TNC activity on endogenous development requires a detailed examination of their impact on cultural values, communication, education, science and technology.
PART TWO

THE EFFECTS OF THE TNCs ON UNESCO's FIELDS OF COMPETENCE

In what follows we shall detail the effects of the TNCs on cultural values, communications, education, science and technology, and suggest ways in which some of their more disastrous consequences could be reduced. That, even beyond the aim of endogenous development, seems to us essential to an understanding of the future world order and the kind of civilization the developing countries are being offered.

III. TNCs IN THE COMMUNICATIONS SECTOR AND THEIR SOCIO-CULTURAL EFFECTS

The word "communications" covers two rather different things:

- in a general sense it refers to all systems of interpersonal relations, and in this sense it concerns both the nature of those relationships and the material media which vehicle the messages involved;

- in the economic sense it refers to particular industries: publishing, the press, radio and television, films, advertising.

Today, communication and information are the two key economic sectors for the future of our societies. A number of studies carried out under the aegis of UNESCO have shown the crucially important part they play in development and the vested interests they call into play.

The question to be considered here is what rôle the TNCs play in the communications sector, and what rôle they play with respect to relations between individuals. Three points emerge from the many studies available:

- forms of interpersonal communication are rendered progressively more obsolete as mass communications media, transnational to a high degree,
- 26 -

develop;

- there now exists a highly concentrated communications market dominated by TNCs. The result is that communications travel vertically, a one-way passage of messages in place of the two-way circulation which alone provides real communication and dialogue;

- the development of this type of communication has in most cases been put to use to sell consumer goods. It has thus helped to destroy local consumption patterns, create new, outward-looking tastes, and provide the framework for new lifestyles.

III.1. The communications and information industries

The communications and information industries are of particular importance for the questions we are asking here, given the direct impact they have at a socio-cultural level. Indeed the factor common to both is that they transmit "messages", whether visual, printed, spoken or otherwise. These messages are first designed, then manufactured, and finally distributed to the consumer, generally to as wide an audience as possible. As with any manufactured product, communications or information products go through a series of transformations in the course of fabrication and distribution, and a variety of skills are involved. The different rôles are becoming more and more specialized, moreover, as can be seen in publishing where the writing, editing, printing and distribution stages are becoming more and more clearly separate. This increasing specialization is either the result of competition, as it has been in publishing, or of government regulations as is the case with the film industry in the United States.

In spite of this tendency, however, it should be borne in mind that there remain very strong technical and commercial links between the different specialized activities.

While specialization within the industry continues to increase, at the international level one stage in the production/distribution process becomes the
stage at which transnationalization occurs (19). In the film industry, for example, this occurs at the distribution stage.

Quite clearly, in this instance, it is the distribution stage that is the strategic stage in the process, since the corporation that controls distribution abroad is able to corner a sizeable market for its own products or those of its home country.

The flow chart in Appendix II shows the production and consumption of communications and information products; only the significant connections between the different activities are shown here, but this industry has strong links with those supplying the equipment used in producing, and consuming, its products.

Two comments are called for:

- According to one estimate made in 1976 (20), 81 TNCs then controlled nearly 75% of the international flow of communications;

- the sector is unquestionably dominated by American TNCs, especially as far as electronics and telecommunications are concerned. In this connection, there are two key features to the way the United States electronics sector has developed. First, this sector as a whole and the media technology industries it involves (telecommunications, satellite communications) have been affected by the financial restructuring of American industry as a whole; at the present time it is almost entirely controlled by three major banking groups, Morgan Guaranty Trust, Chase Manhattan Bank- Chemical Bank N.Y. Trust, and First National City Bank. Secondly, alongside this financial restructuring the sector has considerably expanded its operations abroad, especially during the 1960s, so that today over 40% of its income, on average, comes from foreign earnings. In fact it should be borne in mind that communications firms first began to expand into the developing world at the time of the 1929 crisis and continued during the Second World War, when Latin American countries were beginning a phase of import substitution.
III.2. Radio and television

Although British and French firms have a firm foothold in the countries that once made up their colonial empires (the British Commonwealth and, for France, French-speaking West Africa), it is three American corporations - CBS (Colombia Broadcasting System), NBC (News Broadcasting Company) and ABC (American Broadcasting Company) that play a crucial rôle across most of the Third World.

NBC, for example, first invested abroad in 1953. It invested in Mexican television in 1959. In 1960 it built Egypt's first station and invested in Argentina and again in Mexico. In 1961 is began in Africa, in Nigeria especially - and so on. NBC, it may be added, is a subsidiary of RCA, which operates in virtually all the world over, while ABC tends more to specialize in Central and Latin America.

Very often, transnational radio and television corporations operate through direct sales of technology (equipment and programmes), and technical assistance, to stations in the developing world which may alternate - as in the developed countries - between private and State ownership.

As far as programmes for radio and TV are concerned, world distribution is largely dominated by a handful of American TNCs. The biggest TV programme producers for the developing countries are MCA-TV, Time-Life Television, Paramount, CBS, 20th Century Fox and MGM (Metro Goldwyn Meyer). Although most of the income from exported American television programmes is earned in the developed countries, the developing countries account for the majority of programme hours, since in many cases a complete package of equipment and programmes is offered to a new Television station.

Foreign programmes make up a very high proportion of the whole in some developing countries: at least 30% of all programmes broadcast in Latin America (except for Chili); 22% in Taiwan; 40% in Hong Kong; 71% in Malaysia; 64% in Zambia, etc. (21).
III.3. Films

"A group of less than a dozen Hollywood production and distribution companies keeps half the cinemas in the non-socialist world supplied with films" (22). These companies belong to the big conglomerates. The American film industry has operated transnationally since the beginning of the century; today half its turnover comes from exports.

In the film industry, however, it is at the distribution stage that the domination of the industrialized countries and United States-based TNCs operates. Developing countries actually produce more feature films than do the developed countries, although even here there is a high degree of concentration, with Egypt accounting for almost half of all African productions and India is by far the biggest Asian producer. All in all, however, ten countries produce the equivalent of 65% of world output between them, and between those ten, half the films produced are produced by four developed countries: the United States, Japan, France and Italy.

An analysis of the production side does not give us an adequate basis for appreciating the TNCs' stranglehold in this field. Once one realizes the huge size of the markets for the film industry's products, and hence the distribution of its turnover, the domination of American TNCs becomes patently obvious, however (23).

Since 1946 the big Hollywood corporations have had their own export cartel, Motion Picture Export of America or MPEA. The African film distribution market is very heavily dominated by SOPARCA - the Société de Participations Cinématographiques Africaines, which comes under the Institut Français de Développement Industriel and operates through nine African companies in the Ivory Coast, Mali, Togo, Niger, Benin, Chad, Cameroon, Senegal, Mauritania, Congo and the Central African Republic. In 1971 the big American companies set up their own cartel, AFRAM Films, in these same countries, with sole rights over the distribution of Hollywood films in Africa; this is the French-language version of AMPEC, set up in 1961 to distribute American films in Ghana, Gambia, Sierra Leone, Liberia and Nigeria.

It is clear, then, that decisions as to which films shall be shown in Africa are not taken in Africa.
III.4. The news agencies

By the end of the 19th century, three news agencies - Reuters (UK), Havas (France) and Wolff (Germany) - had carved up the world between them. Their expansion was due to the colonial power of the European states, and after the Second World War they were forced to give way to the American news agencies. These, taking advantage of the rise of the United States on the international political scene, launched a campaign for "freedom of information" which helped them cut down the scope of their European counterparts. The three great international news agencies today are AP (Associated Press), UPI (United Press International) - both American - and Reuter (United Kingdom). Tass (Soviet Union), AFP (France) and Kyodo (Japan), however, play a not insignificant part.

Despite organizational differences (AP is a co-operative of American newspapers, UPI a subsidiary of major newspaper publishers E.W. Scripps, and AFP is partly financed by the French state), most of these agencies depend primarily on domestic turnover. For Reuters, however, the British market is a minor one (16%) and most earnings come from other developed countries.

The American agencies are in a privileged position in South America both as regards distribution and as regards news gathering, although AFP also has a not insignificant position there. UPI, for example, employs 10,000 people in 238 offices in 62 different countries, and in 1970 supplied 40% of the news published in Latin America's fourteen main newspapers.

In Africa and the Middle East, on the other hand, it is the West European agencies which hold sway. And lastly, in Western Europe and Asia it is the "big four" which compete among themselves.

Four major TNCs, then, have a virtual monopoly on the circulation of news worldwide: AP, UPI, Reuter and AFP. The situation is practically the same for news film, over which just three agencies have a virtual monopoly. These are Visnews (United Kingdom), UPITN News (United Kingdom and United States) and CBS News (United States), to which one may add DPA Etes (Federal Republic of Germany) and ABC News (United States). These corporations between them supply all news film to developing countries and half that to the Western world.
III.5. Publishing

The earliest transnational publishers were British: Macmillan, which is well established in India, for example; Longman, today a part of the vast Pearson group which controls, among other concerns, Penguin Books and the Financial Times; and the Oxford University Press. These firms are dominant today in English-speaking Africa and in India. The French publisher Hachette has built up a strong position throughout French-speaking Africa where it is present in thirty-three countries; it has also expanded into South America (Argentina and Brazil). Books account for a third of Hachette's gross export earnings and periodicals for two thirds. It both exports books directly and controls printing firms in the developing countries. But the biggest book exporter in the world is today the American publisher McGraw-Hill.

The developing countries import a very substantial proportion of their works of erudition. We shall consider this later on in our examination of education systems, and with the case study of Egypt, Lebanon and Jordan by J. Akl and E. Khoury.

As far as newspapers and news magazines are concerned, 18 million tonnes of these are printed in the developed countries as compared to 3.1 million in the developing countries - 16.3 kilogrammes per head of population as against 1.1. This means that per capita consumption of newsprint in the industrialized countries is fifteen times greater than in the other countries. The two leading news magazines are Time and Newsweek.

III.6. Records

Today's vast output of gramophone records is in the hands of a few major TNCs. Even at the beginning of the century, the record industry was dominated by four big firms: Grammophon (Germany and the United States), Columbia, Victor Records (United States) and Pathé (France).

RCA took over Victor records in 1929, and Columbia was bought up by CBS in 1937. The British firm EMI was born in 1931 of a merger between Columbia Europe, Pathé and the Gramophone Co. (United Kingdom). After the Second
World War, Deutsche Gramophon was taken over by Siemens, while its French subsidiary became part of the Philips group. Since 1962 there have been technical co-operation agreements between Phonogram (Philips) and Polydor (Siemens) as part of the Polygram holding company.

In 1979, eight firms controlled three quarters of the world market. They are: CBS, EMI, Phonogram, Warner, RCA, Polydor, MCA and Decca.

III.7. Communication technologies

TNCs producing heavy electrical and electronic equipment play a major part in the acquisition of new communications technology by the developing countries. Examples are General Electric, IBM, ITT, Western Electric, Westinghouse, General Telephone and Electronics, RCA. But other major data processing and electronics firms have turned their attention to this field: Control Data, Digital Equipments, Xerox, Texas Instruments and Hewlett Packard from the United States and Philips, Siemens, AEG, Telefunken, Thomson and Erickson from Europe. In this respect the development of space communications technology must be mentioned, with American firms enjoying a decisive lead. As early as 1968, ABC had set up LATINO, the Latin American Television International Network Organization, to bring a number of South American channels under the wing of a single satellite broadcasting organization.

There is a marked tendency among the TNCs operating in this sector to diversify their activities, and particularly to branch out into software - in other words into the content conveyed by the mass communications media. In this way RCA has taken over publishing firms, and Hughes Aircraft, which produces satellites and equipment for cable TV networks, now has a hand in operating programme-production and distribution systems (Teleprompter Corporation).

We may add, as a last point here, that TNC control is decisive in the field of data banks (for references) and data bases (statistics and files).
III.8. The transnational advertising agencies

The international spread of the advertising agencies on the scale that can be seen today is a relatively recent phenomenon. Only a few big agencies like J. Walter Thompson and McCann Erickson had a worldwide network of agencies before the Second World War. Most began to expand abroad during the 1960s.

A survey by the United Nations Centre on Transnational Corporations (24) has brought out the main features of the world advertising market, revealing that most of the agencies operating worldwide are American in origin and direct most of their operations towards the developed countries (85% of declared earnings) or towards Latin America. US-based advertising agencies still make up the majority today in a sample of the world's top fifty: 32 of the top fifty in 1982.

The striking facts that emerge with the transnationalization of these agencies are as follows:

- The Western advertising agencies, and the American ones especially, have a dominant share of the market in the developing countries, and their main customers are themselves TNCs (25, 26);
- the agencies are to a very large extent concentrated into groups;
- foreign agencies generally gain a foothold by buying up a local firm;
- the main reasons for establishing bases abroad are:
  - to broaden markets for consumer goods, to manage other TNCs' advertising budgets;
  - legislative restrictions in the country in question with respect to advertising from abroad;
- there is a strong tendency to branch out into all types of communications media (27).
III.9. Transnational communications corporations and cultural dependence

Mass communications media transmit messages and symbols which initiate a process through which individuals are socialized and elements passed from one culture to another. The developing countries' value-systems, norms and systems of conception and representation are thus directly affected by the control the TNCs exert over this sector. This "cultural imperialism" (28) plays an active part in the process of socio-cultural destructuring we have referred to. Similarly, the Third World's dependence on the big information organizations deprives it, most of the time, of the information appropriate to its own needs - even when it has no repercussions at the political level.

It seems quite evident, then, that there is a deep gulf between the activities of the communications TNCs and the developing countries' cultural identities - a gulf which is very clear to see in terms of intellectual products and their distribution.

Whether one looks at the messages put across by radio, television and the cinema or examines the models the transnational advertising agencies propose, their influence is of the same type: they are quite simply importing value-systems and thought-patterns that belong to the West and, more specifically, to the transnational system. And these imports are far from neutral. The images and values they convey are in many cases liable to replace ignorance with prejudice.

It has been shown, for example, (29), that Walt Disney cartoons, and Donald Duck in particular, convey norms and prejudices which are wholly in keeping with the TNCs' Western rationality, and which help to shape the thinking of Third World people, children especially. These animated films, very widely distributed in Latin America, quite clearly lend legitimacy to an economic law of the jungle and a mercantile morality which acknowledges only one ultimate value, the dollar, and is embodied in the aptly-named Uncle Scrooge. In these cartoons one sees many objects sold, but one never, or almost never, sees them produced. The sphere of consumption is given absolute pride of place, without the question ever being raised as to where this wealth came from or who created it. And when a workless person makes his appearance, usually in the shape of Donald Duck, his situation is
always explained in terms of individual or psychological factors (he's workshy, for example), rather than any malfunctioning in the social and economic system.

In this way television programmes and cinema films alike show highly ideological stereotypes and clichés. Heros, for the most part, are from comfortable backgrounds, with no apparent restrictions on their time, and always find solutions to all their problems. One survey on television programmes imported into Venezuela (30) showed that young Venezuelans thought the hero was North American in 86% of cases, or at least spoke English, that the Chinese were "baddies" and the Whites "better" than the Blacks, and that the rich are "good" in 72% of cases.

Lastly, as A.M. M'Bow has so perfectly expressed it, the messages conveyed by the programmes TNCs sell to the Third World "reflect the thinking, the ideas, the values, in short the vision of the world, of those selling them. When they serve as the channel for transmitting to a given region value systems or ways of life which are foreign to the peoples of that region, they cannot be prevented in the end from wiping out the specific values of those peoples, so becoming, even if unintentionally, instruments of cultural alienation." (31).

An identical process of acculturation is clearly to be found in the influence of the transnational advertising corporations. Despite their claims to be ensuring the widest possible choice and hence consumer freedom, the advertising they put out, in the developing countries as elsewhere, is aimed solely at selling the TNCs' products, whether or not they are appropriate to the local population's basic needs. The TNCs exert two types of influence on patterns of consumption. In the first place they help develop inside third world countries the mercantile logic of consumption already so prevalent in the rich countries, the symbolic content of which has already been sufficiently stressed. In the second place TNCs seek to supplant traditional products with new ones, some sophisticated, some not. Advertising and sales promotion policies help to redefine individuals' basic needs and guide them towards particular brands or products. This transfer of tastes is the outcome of marketing policies which affect norms and conceptions. In India, for example, Unilever is competing with and indeed is tending to supplant ghee, the clarified butter
produced within the peasant economy, with its "Vanapasti" margarine product (32). The same firm has succeeded in creating a market for ices, sausages and frozen food in inland Liberia and Sierra Leone (33). In Mexico, nearly 5 bottles of Coca-Cola or Pepsi-Cola type soft drinks per person per week are sold. So heavy has the advertising hard-sell been that in some Mexican villages where incomes are very low, the inhabitants believe these drinks are indispensable and should be drunk every day (34). There is no shortage of examples of this kind - far from it!

Travel advertising, for its part, serves as a channel for a kind of "transnational exotism" which arouses new needs and is therefore liable to help create new frustrations. In this connection, one study gives the example of a village of settled Pular, forty kilometers from Dakar on the banks of Lake Retba, where travel advertising and tourism itself have made local people business-minded to the point of venality: everything now has its price, from the right to take a photo to a visit to a family hut (35). It all helps to develop a mercantile mentality, and to a large extend transforms social relations into consumption relations. Nonetheless, as the author of the same study points out, travel advertising and tourism can have positive effects if they emphasise local peculiarities or ancestral traditions, so strengthening to some extent peoples' sense of belonging to a socio-cultural entity.

As regards dependence on the West for information, the transnational news agencies play a central rôle, since they are effectively the arbiters of what shall be known or not known concerning the current state of the world in economic, political and diplomatic terms. It is they who bear the responsibility of deciding what to show of social, economic and political life, and of defining what is normal, what is pathological. This has nothing to do with false information. But with an accumulation of facts in isolation from their context and distorted by unspoken implications, the "facts" come ready-packaged in an ideological wrapping. Third World countries are aware of this problem, and have raised it at the conferences of non-aligned countries in Algiers in 1973 and Colombo in 1975; they have now agreed to set up a pool of Third World news agencies.
As to publishing, whether national or transnational, this is in most cases a profit-making exercise and therefore needs a big enough market, not always available in third world countries, especially where scientific and academic publications are concerned. Limitations of this kind quite certainly have an effect on the way intellectual works are produced, since writers in the developing countries must take them into account, implicitly or consciously, whether they like it or not, knowing that however original or special their manuscript may be it will be judged in terms of the market, which in most cases has to be a transnational market. The possibility of reaching an international readership is certainly a great advantage, but the decision whether or not to publish depends on outside advisers and hence on opinions based on the tastes, criteria and modes of assessment of the transnational élite. Equally important is the fact that publication almost has to be in English (or to a lesser extent in French or Spanish); this subjects the content of any cultural product, and of written works in particular, to the demands of one particular culture’s logic. This is one more very clear instance of a cultural and intellectual dependence which sharpens social and cultural divisions.

IV. THE INFLUENCE OF THE TNCs ON EDUCATION

TNCs are one of the vehicles for the spread of a new model of education, either directly, through the sale of educational goods and services and the rôle their Third World subsidiaries play in technical and job training, or indirectly, through the changes they bring about in the social, economic and cultural spheres. The TNCs purvey a specialized education, its content directly linked to its application for economic ends in an efficient, modern workplace. They hold the know-how of technologies the developing countries lack. And they use adaptable, decentralized models of education management. Thus armed, the TNCs bring their full weight to bear against the cumbrousness, unsuitability and lack of any genuine cultural foundation in the education systems that often prevail in the Third World.

How the countries concerned absorb the educational impact of the TNCs depends primarily on how highly developed their education system already is, but also - and this is most important - on how well their education system
is geared to the rôle required of it in the country's economic and social progress.

The meeting between these two educational models may take any of several forms: the state school system and the TNC-controlled system outside the schools may co-exist disjointedly, or the two systems may intersect, the corporations playing a part within the school system or, conversely, the state adapting its own system to the needs created by the presence of the TNCs. But whatever happens, the way in which individuals become socialized among their fellows will be transformed in the process. The stakes involved in education and its place in development are high indeed.

That said, there are three ways in which the TNCs affect education:

- they transmit a particular model of education;

- they have a direct influence on education through the way in which they handle the education/employment relationship;

- they contribute to the compartmentalization of educational systems.

IV.1. How the TNCs transmit a model of education

The TNCs, in their strategy for internationalization through "absorption" and "realization", are increasingly turning to direct intervention in the education sphere. In the first place education represents a market per se; it is the existence of this market that explains the many TNC initiatives in the educational goods and services field. Secondly, the TNCs undertake deliberate, positive educational activities where they are needed to provide the TNCs themselves with the skilled personnel they need for their production activities. And in the third place, TNCs spend on education as a way of justifying their presence in the host country. This is a typical form of ad hoc adaption, the education expenditure being intended to demonstrate the corporation's social concern.

These three types of intervention between them effect, in practice, the transfer of a model of education.
The first type of activity involves the supply of a whole range of teaching materials that go far beyond text-book publication and are increasingly tied in with audiovisual and broadcasting technology (see J. Akl & E. Khoury's case study, "Sociétés Transnationales et Systèmes Educatifs", which covers Egypt, Lebanon and Jordan). At the present time one can see a mushrooming of new teaching aids in response to the lack of teachers (and so avoiding the necessity to train any), often designed for very specific groups or sectors such as literacy, health and hygiene, technical training.

A renewal of teaching methods is expected to result from the use of small-scale media such as recording systems, new information-storage media (tapes, discs and cassettes), reproduction equipment and audiovisual systems. These methods are generally better suited to the decentralized and highly specialized programmes being run outside the school system. Their capacity to make some kind of contribution to a country’s cultural identity cannot be rejected out of hand.

However, these markets, the market for small-scale audiovisuals especially, are dominated by just a few corporations: for super-8 cinecameras and films, Kodak, Chinon, Belland Howell, Beaulieu, Philips and Sony are the most important. Sanyo, Akai, JVC and Nivico share the world of light video between them. Like any technology, the small-scale media are not always neutral working tools. The new small-scale systems and microsystems are, just as much as the mass media, an integral part of the TNCs’ network of economic and trade domination. Dependence for hardware supplies and maintenance goes hand in hand with the infiltration of exogenous cultural influences which affect the way they are used. The market for teaching equipment (the hardware) is closely interwoven with the market in educational programmes and services (the software), and it is becoming more and more difficult to distinguish between the two as they flow through the market: educational games are now electronic games, while, conversely, calculators and mini-computers come complete with programmes for learners. This accounts for the way this market has attracted firms such as publishing houses, who are able in this way to update their own traditional products (text books, educational toys, films and slide shows). Manufacturers of electronic, audiovisual and reproduction equipment, in their turn, have found here a new field of application for their products and an opportunity to diversify their activities. And lastly, firms specializing in
the large-scale communications media (film and TV programme production companies) are also involved.

It is noteworthy, too, that these new educational products are being introduced into developing countries through aid programmes provided by AID, American universities and foundations, and Western governments.

The second type of TNC activity affecting education is connected with the firm's own training needs. Most of the training carried out in this context is an integral part of the technology transfer contract. As a rule, the firm itself is responsible for the training programme, a programme which mainly concerns production and management staff, involving engineers and researchers to a far lesser extent. Four points are worth noting in this respect:

- Such schemes are set up when there are no local educational facilities which can train the firm's employees under clearly-defined conditions in the particular fields required by a technology which, as a rule, is new to the host country;

- In most cases it is better and more efficient for the firm to train its personnel directly on the job, by employing more supervisory staff or by having professional staff or technicians from the home country work alongside the local employees;

- As a rule, the organization, working methods and procedures used in the subsidiary, and the quality criteria and productivity standards applied, tend to be modelled on previous experience in order to ensure the group's cohesion and efficiency. In such cases firms prefer to organize internal training courses in other subsidiaries of the group.

- Lastly, internal training will be a way of getting staff to identify with the firm's aims and values, especially the managerial staff who will be running the subsidiary. This will facilitate communications between subsidiaries in the group and monitoring procedures.

In this connection it should be noted that the trend is for firms to strengthen their training activities and set up a specific training management (or social affairs) department separate from the traditional personnel
management department. Firms setting up abroad can now provide themselves with the facilities they need to solve their subsidiaries' specific training problems. Everything seems to point to increasing use by new subsidiaries of the facilities the parent company can provide rather than the host country's educational facilities. At a time when developing countries are beginning to acquire financial stakes in TNC subsidiaries and local managers are replacing expatriates, internal training, and headquarters training especially, becomes a key method for keeping control over subsidiaries and integrating them more closely into the TNC structure.

The third type of intervention is intended to make the firm acceptable to its environment. In a case like this the firm will generally extend its education policy beyond the strict requirements of job training for its own employees. Interventions of this kind are usually presented by the TNCs as contributions to the development effort or as a social responsibility, and they are often carried out through the corporation's own foundation. It may mean a contribution to the overall education budget, for example taking total responsibility for one field of training; it may be a donation of teaching equipment; it may mean organizing series of conferences. As a rule a specific target is chosen, which shows that TNCs dislike leaving the initiative entirely to the host government in this domain.

IV.2. Changes in the education system connected with the way the TNCs handle the education/employment relationship

TNCs can also affect education indirectly, since they induce changes in the host countries' education systems in response, particularly, to their activities in the employment sphere. At its simplest, this type of effect may be the result merely of a quantitative change in employment locally due to recruitment by the TNC. Apart from that, we must understand how the TNCs' recruitment patterns, organization structures and work practices, and the value they attach to qualifications and certificates, can affect the orientation of education in schools and colleges.

The indirect effects of the TNCs' activities are transmitted through two channels. In the first place there are real qualitative and quantitative
changes in the labour market, and secondly the various categories of those involved - employers, managers, those responsible for education, students - will have altered conceptions of the labour market. It must be stressed that the demand for skilled labour is very specific and immediate; this explains why, in many cases, the recruiting firm turns to internal solutions, either modifying its manufacturing procedures (though this is rare), or calling on training personnel from the parent company to train recruits progressively, through apprenticeship schemes or by working alongside them. Alternatively, the parent company may institute its own training courses or send particular local professional staff to train abroad. In some cases the TNC may think up a composite solution including co-operation with the public education system; this will certainly alter the education offered in those subjects closest to the specialities the TNC is looking for, with the TNC providing technical aid such as curricula, equipment and teachers. In this way the most immediate changes in the education system may be brought about by introducing adult training or pre-vocational training outside the school system.

The educational dynamic introduced by the TNCs may, in this way, go beyond their own requirements for skilled labour. It may strengthen existing institutions or bring about the introduction of new courses by co-operating, through employers' organizations, with the bodies responsible for education management and policy. Philips Brazil, for example, signed a training agreement with the national training service under which Philips receives technical and financial assistance, while Philips Colombia supplies instructors and advisory services to the national training department in that country (36).

Co-operation may be informal, through the dissemination of new training standards, or through the TNCs' executives sitting on the advisory and decision-making bodies that set up the new courses. This implies that local employers and, where that applies, the local political authorities, have agreed that the models imported by the TNC for the organization of labour and labour force management are suited to the needs of local firms and to the needs of the country's development. An especially important prerequisite is the spread of a management philosophy. The activation of a training sector outside the school system, closely geared to corporate
needs, can thus be seen to be inseparable from the emergence of a new ruling class, educated in the business schools of the Third World. But for the whole impetus of the education system to be redirected rather than external training courses being added on the fringes or developing at a faster rate, the TNCs have to exert a massive, long-term influence on the industrial system and work a profound transformation in the structure of employment. This applies particularly to those countries which have received the most substantial flow of direct investment over the past ten years, and which are, for the most part, regarded as the Third World's new industrialized countries.

IV.3. TNCs and the splintering of educational systems

Most developing countries still have the education system they inherited from colonial days. It is generally accepted that in many cases this type of education does not help to develop man and society in all their aspects. And far from helping to even out the internal disparities so characteristic of different types of under-development, education seems only too often to lend them legitimacy, or even accentuate them. The fact is that education systems are not coherent systems, but reflect, in their structures and in the way they operate, the dichotomies that characterize their countries' economies: the town/country dichotomy as far as the conditions governing the provision of schooling are concerned; the dichotomy between long and short secondary education courses; the dichotomy between well-endowed schools and colleges and those chronically short of resources; the dichotomy between traditional teaching and modern.

As these economies become more fully integrated into the international division of labour, the shock waves run right through these separate fragments and divisions, affecting both the sphere of production and patterns of socialization. How all these fragmentations are perpetuated or exacerbated will partly depend on the scale of the shock that hits them and the speed with which the economy is absorbed into the international division of labour. But it will also, and above all, depend on the extent of this fragmentation and the degree of coherence between value-system, forms of socialization and the organization of production in the society in question at the time it joined in the internationalization process. If one takes an overall
look at the evolution of education systems in developing countries, one is struck by the fact that most of those countries which have industrialized and opened their borders to foreign investment have not taken advantage of the growth of their GNP to create a more balanced educational pyramid and create the conditions, ultimately, for schooling for all. On the contrary, they make increasing use of their resources to provide for the growth of higher-level education. It has been shown that:

- seen in terms of enrolment numbers, the educational pyramid always tends towards a strengthening of the higher levels of education;

- this shift reflects an increase in enrolment for higher education which is two to five times greater than that for primary education;

- in most cases, the increase in enrolment for higher education is also greater than that for secondary education.

One has to conclude that the TNCs are probably a factor in reproducing the fragmentation of education systems, giving preference, in practice, to higher education and certain types of vocational training.

V. THE INFLUENCE OF THE TNCs ON SCIENCE AND TECHNOLOGY

Access to scientific discovery and technology is essential to development. And in this respect it is no longer possible under today's conditions to separate the problems of development and of the acquisition of a technological capacity from an analysis of the behaviour of the transnational corporations, since the TNCs' rôle in technology transfer is a crucially important one. The key question is whether the transfer of technology is also a transfer of the latent content of that technology: science, technique, methods, which would enable the developing country, in the long term, to gain mastery over a scientific and technical process of development. To examine this question, one must distinguish between two levels at which technology may be transferred:

- the circulation of knowledge within the confines of the corporation,
the diffusion of knowledge beyond the confines of the firm, i.e. within the scientific and technical infrastructure of the host country.

Before considering these aspects in depth, however, it is important to grasp the ways in which technology is transferred in practice.

V.1. Ways and means of transferring technology

Technology transfer means the transfer of techniques, methods and means (operational and managerial know-how) and of their entire material environment (equipment, tools and materials) and their non-material environment (training, information and decision-making).

Technology transfer therefore involves operations connected with:

- Quota, sales and licencing agreements covering all forms of industrial property including patents, certificates of invention, utility models, industrial designs, trade marks, service marks and brand names;

- Agreements on the provision of know-how and technical knowledge in the form of feasibility studies, plans, diagrams, models, instructions, manuals, service contracts or specifications, or agreements involving the provision of technical, advisory and supervisory personnel and staff training with the provision of training materials;

- Agreements on the provision of detailed basic technical plans and the installation and operation of specific plant and facilities;

- The purchase, hire or acquisition by any other means of machinery, equipment, semi-processed goods or raw materials in so far as they form part of transactions covering transfers of technology;

- Industrial and technical co-operation agreements of all kinds including "turnkey" agreements and their derivatives, international sub-contracting and the provision of managerial and marketing services. (37).
These different types of technology transfer can be broken down to show two different ways of acquiring technology: they either involve a direct transaction based on a contract with firms using the technology in their own production, or the technology is included in the products provided by the machinery suppliers and consultancy or project-study services.

The main way of acquiring industrial technology is the first. It is generally done through the granting of a licence, and is called an "integrated project transaction" since the technical process, the engineering and the construction are supplied as one unit along with technical assistance, and are accompanied by various types of control over management and agreements on the provision of materials, all of which are just so many restrictions intended to offset, from the supplier's point of view, the competition set up by the transaction.

The second way of acquiring technology covers two types of transaction, depending on whether or not the purchaser of the technology has the technical capacity to assemble the plant. If the purchaser has no need of outside help to assemble the plant, the agreement will be a direct one with the engineering consultants and the machinery suppliers. This type of proceeding is known as a "simple direct transaction". Where the opposite is the case, what is involved is an "integrated process transaction", since the suppliers are selling systems rather than components. This should be distinguished from an "integrated project transaction" which entails permanent monitoring of the operation of the project.

V.1.1. Simple direct transactions

The advantage of this type of agreement lies in the fact that the buyer has control over the procedure, since the technique involved is not integrated into too large a package. As a rule, product differentiation enables the buyer to choose his supplier, although this principle may not apply if:

- a supplier or engineering firm possesses a highly specific new technology or process giving them a dominant position in the market;
the purchaser country is under obligation to buy from firms in the country which granted the aid;

agreements between suppliers lead to a geographical division of the market between them.

V.1.2. Integrated process transactions

This type of agreement covers varying degrees of integration from the production line to the turnkey factory, and is more in line with the reality of developing countries where the know-how needed to make a simple direct transaction work is generally lacking. On the other hand, this type of agreement gives that much less scope for using local engineering potential where such exists. In any case, this type of transaction is very often imposed by the supplier, who prefers to sell an entire system rather than its component parts. It is also worth noting that in some industries the international market is dominated by just a few suppliers, who do not offer the full range of integrated processes that would be available were there more competition. This means that some plants could be more efficient if several different processes were combined in a manner more appropriate to the characteristics of the host country.

V.1.2. Integrated project transactions

Also known as "contractual transfers of technology", these transactions, more than the other types, lead to negotiations between buyer and seller with a certain amount of bargaining. The buyer is looking for commercial advantages such as a licence, perhaps combined with an industrial compensation agreement obliging the seller to buy a part of the goods produced. The seller, for his part, will seek to protect his innovations and gain maximum advantage from them, often introducing restrictive clauses into the contract to limit his future competitor's freedom of action. As very few suppliers are able to obtain the commercial advantages sought by the buyer, negotiations often turn more to the seller's advantage. This explains why this type of contract is a major preoccupation in developing countries, which are now setting up
administrative bodies like the Committee on Royalties for the Andean Pact countries, to oversee this type of negotiation. The scope of these bodies ought to be broadened to cover the technological choice very often imposed by the TNCs (see K. Singh, Scientific and Technical Research in India and the Impact of the Transnational Corporations).

V.2. The impact of the corporation's strategy

At the present time, the majority of patents are owned by major transnational corporations. This is due to the predominant place held by the TNCs in industrial R & D (80% in the United States for example). But it is noticeable that R & D is generally weak in TNC subsidiaries in the developing countries.

Generally speaking, apart from relocation of R & D to specific regions where a specific natural resource is to be found, and which usually concerns agricultural products (for example Nestlés do their tea research in India, while United Fruit do banana research in Central America) - this type of case apart, the degree of relocation varies in accordance with the strategy the group has for its subsidiaries.

One can distinguish three types of relocation of industrial activity: branch-subsidiaries geared to selling on the local market, workshop subsidiaries specializing in one specific stage of the production cycle and whose products are re-exported to group subsidiaries in the home country or elsewhere, or lastly direct sales of technology - the latter formula is increasing rapidly at the present time.

V.2.1. Branch subsidiaries

With this type of subsidiary, the parent company sometimes relocates research so as to adapt its products or processes to local conditions.

- product adaptation, in the terminology of the product cycle, only concerns "mature products", or at best "standardized products" (eg. the adaption
of food products to local consumer habits). In some instances this does not involve genuine research but merely a product quality control laboratory. And any research is supervised by the parent company's research centres.

- process adaption may be connected with the smaller size of the local or regional market. The plant will in this case be less automated than those in the developed countries. In some cases, too, research has been conducted with a view to using local raw materials not generally put to use. Apart from a few cases of this kind, however, the possibility of adapting the process is strictly limited by the nature of the product. In the soap industry, for example, detergents and luxury soaps require automated techniques, whereas plain household soap can be produced by labour-intensive methods.

The fact that so little R & D is relocated results in what is called vertical transfer, in which the subsidiary is very closely dependent on the parent company for this field of activity. This is explained in terms of economies of scale and the lack of skilled or qualified labour. But even in countries that do have sufficient scientific potential and a plentiful supply of technically qualified labour, relocation of R & D rarely goes beyond the stage of product adaption and quality control.

V.2.2. Workshop subsidiaries

This type of subsidiary is found where a production process is split up and scattered around the world. As a rule, the subsidiaries set up in developing countries are those handling the highly labour-intensive assembly side. In these cases one can understand that relocation of research is hardly called for. However, even where the product being manufactured is a complex one, there is very little chance of research being done in developing countries, since it requires very high-level qualified staff.
V.2.3. Direct sales of technology

Those engaged in direct sales of technology are satellites of the TNCs: their engineering consultancy departments etc., marketing technical knowledge in the form of licences, know-how and "show-how", and means of production (turnkey factories or production-guaranteed factories) etc.

This type of approach, which treats research as a production activity, is very profitable and is tending to spread, either as a result of host country policies (nationalizations, joint ventures etc.) or as part of an agreement between governments, or because it makes the TNC's presence less visible while leaving it considerable negotiating power both on the supply side (maintenance and raw materials supplies etc.) and on the distribution side (marketing the product when the domestic market is too small).

The engineering firms and project-study consultancies, owned by or closely linked to the TNCs, ensure the supremacy of technological processes developed by the big corporations. The TNCs are thus emerging as the major suppliers of both highly labour-intensive and highly capital-intensive technologies.

The TNCs are tending more and more to sell, along with their technical know-how, their management know-how; for the profitability of a unit of production depends just as much on a thorough knowledge of business management as on access to the right technology.

This type of relocation of industrial activity is very often approved of by developing countries, as they consider it the best way of strengthening their technical and scientific capabilities. However, if there is no scientific and technical co-operation between the seller and the host country's research bodies the technological impact is likely to be insufficient for the buyer country.

V.3. Relations between the TNC and the host country's scientific, technical and industrial potential

There are four main ways in which a country's scientific and technical potential can be increased and its absorption capacity altered by TNC activity.
V.3.1. The subsidiary's recruitment and job training policy

The job training provided by the TNC will have a multiplier effect if employees transfer their training to local firms. As a general rule, however, research seems to show that the degree of technology transfer through production and management personnel moving from foreign to local firms is negligible.

V.3.2. Relations between the subsidiary and public and private local research centres

The small extent to which R & D is relocated to subsidiaries leads to a virtual absence of direct links with local research centres, whether universities or laboratories. Financial relations do exist, but their main purpose is not production contracts, and only those would be of interest to us here. However, relations are generally most developed in the case of branch subsidiaries. In countries like India and Mexico which have a high scientific and technical potential, there may be contracts with local research centres covering quality control or product adaptation.

A number of reasons are put forward to explain the low rate of R & D relocation in cases where it would be possible. Some argue that it is due to fear that qualified local engineers may be lost to competitors; others say that if TNCs do not always foster the developing country's capacity to develop innovations, this is for fear of increasing that country's negotiating power or its capacity to develop an indigenous technology.

V.3.3. Relations between the subsidiary and local suppliers

Where sub-contracting is practiced, relations between the subsidiary and its local suppliers may provide a way of upgrading the technological and industrial potential of the host country. Subcontracting can lead to intermediate technologies once local methods have been improved by applying the TNC's know-how. Developing countries are currently encouraging sub-contracting, but it does involve a high risk of over-specialization. As far as engineering is concerned, it is generally of foreign origin, and local engin-
engineering firms, where they exist, are relegated pretty much to the sidelines. This is due to the fact that the transfer of technology usually takes place in the form of a "technological package"; all that is left for the local engineering firms are the basic construction and civil engineering jobs.

V.3.4. Sale of products

The sale of sophisticated products by the TNCs is one way in which technical knowledge is disseminated to customers and distributors. This takes two complementary forms:

- individualized after-sales services for the customer, for example secondment of technicians to assist the customer, customer training, provision of a consultancy service;

- assistance and further training for distributors.
CONCLUSION

PRACTICAL MEASURES AND PRINCIPLES FOR ACTION TO IMPROVE THE NEGOCIATING CAPABILITIES OF DEVELOPING COUNTRIES VIS A VIS THE TNCs

It is not possible, in this context, to provide a full catalogue of the actions that could be taken. That would require collecting a complementary, uniform body of information on the activities of the TNCs in UNESCO's fields of competence, and a proper case-by-case study of concrete examples and situations directly involved. We shall therefore restrict ourselves to a few general principles (38); these, indeed, fill what is at present a gap, since legislation and regulations on foreign investment do not at present provide for any measures to prevent the socio-cultural effects of TNC activity (39). Our general principles are as follows:

- the first concerns the question of the level at which action should be taken;

- the second deals with strategy and how that can be translated into action in the form of regulations;

- the third raises the question in organizational terms.

* To respond in a balanced way to the external influences brought by the TNCs, developing countries must seek to counterbalance the weight of the TNCs. And in many cases this will not be possible in the context of a single country. The solution must be sought, therefore, in a consolidation of cultural and scientific/technical zones. At the level of several countries with similar cultures, it will probably be possible to:

- develop a system of information and communication,

- establish one or several scientific universities of satisfactory standard,

- develop research operations on an adequate scale.
To set up zones of this kind would not require the degree of political and economic convergence needed to implement a full process of integration between developing countries, though it would clearly be easier in cases where such a process could be implemented.

* One of the most obvious solutions is to introduce political and fiscal regulatory measures. In this way one might envisage measures to protect cultural identity and encourage the establishment of cultural or scientific/technological zones. As regards education, for example, it would be helpful:
- to require the publication of an annual review of TNC educational activities broken down by country;
- to draft international legislation governing training contracts linked to the transfer of technology;
- to provide states with the legal means to supervise the funds made available for education in each subsidiary company;
- to define a minimum percentage of each foreign subsidiary's total wage bill, to be paid as a contribution to the host country's education system.
- to determine a threshold beyond which the TNC must assume responsibility for training local teaching staff in technological disciplines.
- to require the TNC to include in all vocational training programmes a guaranteed minimum quota of general education in the language of the host country and taught by teachers who are nationals of that country; and in particular to require TNCs, where necessary, to provide literacy courses for employees in all subsidiaries;
- to recommend the use of the local language in the training and textbooks provided by the TNC.
- to allow trade unions freedom of expression and give them the means to oversee the TNCs' training programmes;
- to facilitate the circulation of men and know-how between the countries of the Third World;
- to encourage joint design of school equipment, books etc.

Numerous rules of this kind could be proposed regarding communication, science and technology. They could be laid down either by the international community or by nation states. Rules could be drawn up, for example, to foster an equalization in the distribution of science and technology. In this respect one might encourage TNCs to relocate their R & D activities, by providing for
a certain percentage of turnover to be paid into a fund by any firm that has not devoted the same amount to R & D expenditure in the host country over a given period. The percentage would vary depending on the industry. As well as this, some abuses due to a firm's dominant position could be avoided if the developing countries were to set up monitoring centres for technology transfers. These centres would be very fully documented and informed, and so would be able to adapt the business practices that govern the transfer of technology to the needs of the countries in question.

Clearly, many more such regulations could be suggested. These seem very obvious solutions, but they need to be considered carefully for a number of reasons:

- in the first place, because the developing countries lag so far behind in matters of technology, they are obliged in most cases to catch up in any way they can;

- secondly, the developing countries' current levels of indebtedness, the crisis and the noticeable outflow of direct investment makes these countries less demanding vis-à-vis the TNCs;

- and lastly, a system of regulations will be virtually ineffective unless those involved, and those responsible for implementing it especially, have thoroughly interiorized the rôle required of them.

* This last comment shows how important it is to discuss the question of action in organizational terms. In this perspective, culture has to be regarded as an integral part of socio-economic organization as a whole, not as a narrowly specialized sector in itself. To contribute to the establishment and development of a fairly specific development process, it has to be able to have some impact in the sphere of work and production as much as in the sphere of consumption, lifestyles and attitudes.

A recognition of this has a certain number of consequences for how one conceives of cultural action in developing countries. If one can envisage measures to protect traditional cultures (protection of languages, control over advertising, films etc.), this must be with a view to controlling TNC activity and allowing local systems to develop autonomously rather than with a view to closing the system. More generally, those responsible for culture
need to concern themselves just as much with acquiring a wide range of means to protect or develop particular activities as with affecting the ways in which socio-economic organization is changing. This implies that the cultural sphere must be open to an understanding of the laws of economics and technology, and must take part in the changes society will force on those laws. It also means relying on the forces of social change and encouraging real debate, (i.e. local debates, not necessarily the great abstract ideological debates) in such a way as to foster spontaneous changes in society's values. And it means, finally, that the sphere of culture and those working in it must possess real power in the face of economic factors - it means, in short, changing the rules that define their field of intervention, the institutions that concern them and the rôle they are called upon to play.

To conclude, and to give an idea of how one might envisage the relationship between culture and economic development, it seems to us less important to increase the budget for culture so as to develop folkloric activities or build museums than to ensure that we have top-level civil servants responsible for culture but open to economic questions and located inside the ministries of Industry, Agriculture, Economic Planning etc.
NOTES


(2) The term "multinational" was abandoned in favour of "transnational" at the 57th session of the United Nations Social and Economic Council in 1974.

(3) UNESCO shares the approach of the United Nations, which has adopted the definition given in the Report of the Group of Eminent Personalities, "Effects of Multinational Corporations on Development and on International Relations" (United Nations Department of Economic and Social Affairs, Multinational Corporations in World Development, 1973, E.73.II.A.11, Appendix II, pp. 4-6) until such time as the Commission on Transnational Corporations agrees on an official definition.


(6) Moving Towards Change, op. cit.


(7) Moving Towards Change, op. cit.

(8) Ibid.

(9) Quoted in Berger Levrault, Annuaire du Tiers-Monde, Paris, 1977

(10) UNESCO, Thinking Ahead, op. cit.

(11) Ibid.


(16) Cf. F. Ascher, op. cit.


(19) "Pôles de transnationalisation" is the expression used by D. Peguin (op. cit. p. 11).


(28) The expression comes from Professor Kekkonen, former President of the Republic of Finland.


(33) Ibid.


(37) From D. Dufourt, "Transfert de technologie et dynamique des systèmes techniques", Prévisions, choix, planification N° 6, University of Lyon II, October 1978, pp. 11-12.


APPENDIX I

The top 100 GNPs (communist countries included) and multinational corporation turnover figures (in thousands of millions French Francs)

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Turnover (in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>United States</td>
<td>9,983</td>
</tr>
<tr>
<td>2</td>
<td>U.S.S.R.</td>
<td>4,484</td>
</tr>
<tr>
<td>3</td>
<td>Japan</td>
<td>4,342</td>
</tr>
<tr>
<td>4</td>
<td>F.R.G.</td>
<td>3,210</td>
</tr>
<tr>
<td>5</td>
<td>France</td>
<td>2,409</td>
</tr>
<tr>
<td>6</td>
<td>China</td>
<td>2,100</td>
</tr>
<tr>
<td>7</td>
<td>Great Britain</td>
<td>1,663</td>
</tr>
<tr>
<td>8</td>
<td>Italy</td>
<td>1,350</td>
</tr>
<tr>
<td>9</td>
<td>Canada</td>
<td>946</td>
</tr>
<tr>
<td>10</td>
<td>Brazil</td>
<td>925</td>
</tr>
<tr>
<td>11</td>
<td>Spain</td>
<td>838</td>
</tr>
<tr>
<td>12</td>
<td>Netherlands</td>
<td>645</td>
</tr>
<tr>
<td>13</td>
<td>Poland</td>
<td>610</td>
</tr>
<tr>
<td>14</td>
<td>India</td>
<td>518</td>
</tr>
<tr>
<td>15</td>
<td>Australia</td>
<td>512</td>
</tr>
<tr>
<td>16</td>
<td>Belgium</td>
<td>473</td>
</tr>
<tr>
<td>17</td>
<td>G.D.R.</td>
<td>470</td>
</tr>
<tr>
<td>18</td>
<td>Sweden</td>
<td>439</td>
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<tr>
<td>19</td>
<td>Switzerland</td>
<td>400</td>
</tr>
<tr>
<td>20</td>
<td>Saoudi Arabia</td>
<td>400</td>
</tr>
<tr>
<td>21</td>
<td>Iran</td>
<td>400*</td>
</tr>
<tr>
<td>22</td>
<td>Mexico</td>
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<tr>
<td>23</td>
<td>Exxon (US)</td>
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<tr>
<td>24</td>
<td>Chechoslovakia</td>
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</tr>
<tr>
<td>25</td>
<td>Austria</td>
<td>292</td>
</tr>
<tr>
<td>26</td>
<td>General Motors (US)</td>
<td>282</td>
</tr>
<tr>
<td>27</td>
<td>Denmark</td>
<td>278</td>
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* 1978 figures

Appendix II.A. The communications and information industries
adapted from D. PEGuin op. cit. p. 13.
Appendix II.B.: Television communications industry
from D. PEGUIN, op. cit., p. 65.