

Management Strategies for a Global Society

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Topic: Should the United Nations set and enforce standards for the governance of multi-national enterprises?

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“Should the United Nations set and enforce standards for the governance of multinational enterprises?” Yes, the United Nations (UN) is an appropriate body to set standards for international corporations to follow but rather than look to the UN for enforcement of standards, we believe participating nations should impose regulations to the multinational organizations while obtaining support from the UN through positive incentives for both the country and the global corporation. These standards are meant to guide and encourage protection and fairness to all people affected by the operation of an enterprises’ employment, as well as citizens indirectly affected by the output and development of the enterprise including environmental protection. In many ways as will be noted in this paper, the UN and its ancillary agencies are already providing goals and objectives for multinational companies to aspire to. But enforcing standards is a more difficult role for the UN to manage. When nation states and businesses comply with UN standards this creates a win-win solution. It is monetarily beneficial to both public and private enterprises while at the same time it creates opportunities for education, healthcare, higher salaries and better living standards for the developing country. Should the nation fail to monitor and enforce the multinational enterprise to abide by UN standards, that nation will be at risk of losing UN aide and support.

UNITED NATIONS HISTORY & MISSION

The United Nations was founded in 1942 during World War II where by a group of 26 nations pledged to fight the Axis Powers (History). The Axis Powers are defined as countries that opposed the Allied Powers of Word War II; most notably Germany and Japan. The goal of the UN was to join the nations of the world together to develop cooperation in achieving global peace and security. The beta version of the United Nations was the League of Nations

established in 1920. At the end of World War I, American President Woodrow Wilson presented his 14 Points to the World at the Treaty of Versailles. Point 14 called for an assembly of nations to “promote international co-operation and to achieve international peace and security”(League). The League of Nations only lasted 27 years. The League of Nations was unable to stop World War II, impart because both Russia and the United States refused to participate. When the League dissolved in 1946 the United Nations took over most of its assets and proceeded with a new charter (League). The United Nations officially came into existence on October 24, 1945 when the charter had been ratified by France, China, Soviet Union and the United States along with over 50 other nations (History).

The United Nations Charter stated that all who signed were committed to “stopping the scourge of war, which twice in our lifetime has brought untold sorrow to mankind”, reaffirming faith in fundamental human rights, promoting social freedom and a higher standard of living for all, and creating conditions where international laws and treaties are respected and obeyed (Charter). Since the UN was first formed its mission has been committed to improving the lives of all people under the guiding principles of the UN Charter. There are various programs designed to fulfill the UN charter and all of them collaborate with the government of each nation. The UN works for peace through the use of its peacekeeping forces and diplomatic negotiations to solve issues peacefully. For example, the UN promotes freedom by helping nations hold free elections in places like Cambodia, Namibia, El Salvador, Eritrea, Mozambique, Nicaragua, South Africa, Kosovo and East Timor.

Another primary function of the UN is to provide assistance to nations and people in need of economic and humanitarian aid. In addition to giving food and medical resources, the UN administers loans and grants to developing countries. The World Bank has loaned out over \$333

billion to different countries for development projects since 1946. But that is not the UN's only approach. It also funds programs to educate people, help them improve their economic position and create their own industry. The United Nation's Children Fund (UNICEF) spends more than \$800 million on immunization, health care, nutrition and basic education in over 138 countries that otherwise would not have access to these services (Major). To foster and protect human rights the UN observes and publishes reports on the status of countries' human rights practices. Those countries that fail to meet the worldwide accepted standards are encouraged to improve. Nations that do not abide by the global covenant are at risk of losing further UN assistance, but this has not proved to be that effective all over the world. A classic example of this is China, the infamous Tiananmen Square massacre, and the plight of women all over the Middle East and much of Asia. The UN works by educating the world about issues that affect us all, gaining public pressure to ensure that fair practices as defined by UN are followed, and offering aid to countries that need it. But if these countries continue to abuse their people, the UN can do little. If the problem seems to cross international or ethnic borders the UN will deploy peacekeepers, but these units are at risk and many question the good they could do. If the UN took any military action and forced another country to change their culture to behave as the rest of the world believes to be right, they would be no better than the government policies the UN is committed to change. Because the UN is seen as an icon of good will for all human-kind, it makes sense to have the UN create standards for multinational corporations to adopt as a model of universal values.

UNITED NATIONS MEMBERSHIP

The United Nations boasts a membership of 191 member states plus an assortment of inter-governmental organizations holding special observer status. Most all of the member states

and observers maintain "permanent missions" (meaning a physical location of residency where a country's representative resides), or an official delegate close to the UN's base in New York City.

All member states participate in the General Assembly and possess one vote and are theoretically equal. However, the Security Council does wield extra power amongst the five permanent members and ten revolving member states.

For nations to gain membership, basically 3 requirements must be met:

- 1) Must represent a country and accredited by the government in power
- 2) Agree to abide by the United Nation's Charter
- 3) Approval of the Security Council and General Assembly

Officially the UN Charter states:

"Membership in the United Nations is open to all peace-loving states which accept the obligations of the Charter and, in the judgement of the Organization, are willing and able to carry out these obligations.

The admission of any such State to membership in the United Nations will be affected by a decision of the General Assembly upon the recommendation of the Security Council."

Article 4, Chapter 2, United Nations Charter

Starting with 51 members in 1945, the United Nations membership has grown and evolved over the years reflecting major world events which reshaped borders and spawned new nations.

Currently there are 191 members with the most recent addition of countries; Switzerland and East Timor. The people of Switzerland, which enjoyed observer status at the UN since it was founded in 1945, voted on March 3, 2002 to join the world body as a full member. After achieving independence in May 2002, East Timor also joined the world body. Indeed the current membership from Afghanistan to Zimbabwe also reflects the full range of economic situations from the wealthy money lending countries to the countries languishing on the list of least developed 48 countries, which the UN's Economic and Social Council publishes every three years.

Other recent additions include Pacific Island nations Palau in 1994, Kiribiti (formerly the Gilbert Islands), Nauru, Tonga in '99, Tuvalu in 2000 along with a batch of 5 new republics left after the breakup of original UN member Yugoslavia - Bosnia and Herzegovina, the Republic of Croatia, the Republic of Slovenia, the former Yugoslav Republic of Macedonia, and the Federal Republic of Yugoslavia.

Recent changes that are noteworthy include the 1991 letter delivered by Boris Yelstin stating that the UN seat formerly held by the USSR will be transferred to the Russian Federation with the support of the 11-member Commonwealth of Independent States. In the ensuing years, many former Soviet, Central Asian, and Baltic republics signed on. In 1992, Czechoslovakia announced they would dissolve on New Years Eve and immediately petition for admission as two new members: the Czech Republic and the Slovak Republic. Also, East and West Germany reunited and became a single UN member in 1990.

Additionally, about 16 entities and intergovernmental organizations have received a standing invitation to participate as observers in sessions of the General Assembly and maintain permanent offices at UN Headquarters. Examples of these observers include: Palestine, the European Community, International Seabed Authority, International Committee of the Red Cross, Sovereign Military Order of Malta and League of Arab States. The unique Catholic city-state, The Vatican boasts a rather unique status of "Non-Member State Maintaining Permanent Observer Missions at UN Headquarters" under the name of "(the) Holy See." It is apparent that the UN collectively represents the welfare of many global countries and its citizens. Difficult and timely as it may be to set and agree on standards, the process is bound to be fair, thorough and democratic.

UNITED NATIONS SCOPE

As for the scope of the UN, it contains several programs, agencies and commissions dedicated to focus on various issues relating to international peace, economics, and humanitarian needs. Many individual organs contribute to the collaboration of the UN scope, but with over 50 principal organs in the UN body, a few are currently involved with setting standards for harmonizing human rights, economic development, and labor practices.

Under the auspice of the Economic and Social Council (ECOSOC) are the United Nations Development Program (UNDP), the International Labour Organization (ILO), and the World Trade Organization (WTO). The function of the ECOSOC is to discuss, advise and coordinate international economic and social policies affecting participating UN member states. (Basic Facts .127) The UNDP formulates policy to administer development work in partnership with public and private sectors responsible for managing globalization issues. The ILO, which was established in 1919 before the creation of the UN sets the framework of international labor standards and guidelines serving the promotion of human rights, acceptable working and living conditions, and developing job opportunities. (Basic Facts 146) The WTO, established in 1995 functions to help international trade operate according to WTO agreements, commerce, and trade policy. (Basic Facts 63) These are just a few of the subsidiaries in the whole UN program that are related to and responsible for setting multinational enterprise standards. In a collaborative effort amongst governments, businesses and activists there lies a seed of potential benevolence to nurture trade in our international community.

UNITED NATIONS GOVERNANCE

The General Assembly is the main deliberative organ of the United Nations. It is composed of representatives of all Member States, each of which has one vote. Decisions on important questions, such as those on peace and security, admission of new Members and budgetary matters, require a two-thirds majority. A simple majority reaches decisions on other questions. These decisions may be adopted without a vote, or with a vote, which may be recorded, non-recorded or by roll call. While the decisions of the Assembly have no legally binding force for Governments, they carry the weight of world opinion on major international issues, as well as the moral authority of the world community. The UN Security Council is made up of 15 members each with one vote. The five permanent members - China, France, the Russian Federation, the United Kingdom and the United States can block any proposal brought before the Council by casting a negative vote, often referred to as the "veto" power. All Member States periodically elect the ten non-permanent members for a two-year term.

The power of Security Council is again evidenced in the Charter in which all Members of the United Nations agree to accept and carry out the decisions of the Security Council. While other organs of the United Nations make recommendations to Governments, the Council alone has the power to take decisions, which Member States are obligated under the Charter to carry out.

All together with input from the UN bodies these organizations already set standards, albeit remote and complex, to address governance of multinational enterprises. Enforcement is another topic, which falls under the cooperation and agreement of corporations and government. The International Court of Justice (ICJ) manages the jurisdiction of the UN. However according to a principle of the UN charter, domestic jurisdiction is exempt from the ICJ governance (Basic facts, 5) The ICJ does help settle disputes between member states and shares advisory opinions

to the UN agencies within the scope of their function. The court has no jurisdiction over private persons, or international organizations. (Basic Facts, 13) The ICJ has jurisdiction over matters specific to the UN charter or agreed upon global treaties.

There currently exists legal codes that affect the multinational enterprises operations concerning international trade law, environment law, and law of the sea. So while the UN can and is setting standards for multinational companies and worldwide trade, enforcement is really governed by the nation hosting a corporation's presence.

UNITED NATIONS FINANCIAL OVERVIEW

The UN General Assembly reviews and approves the biennium UN budget submitted by the Secretary-General. In 2000-2001 the budget was \$2,535 million, supporting the cost of most UN programs. (Basic, 19) A large portion of funding comes from member states dues, which are based on the nations capacity to pay. The major criteria for calculating the member states donation are dependent on the total gross national product of each nation. The Administrative and Budgetary Committee review fee assessments every three years. The financial health of the UN at times have proved unstable due to member states "failure to pay in full and on time" (Basic, 20)

"The UN and its agencies, including the World Bank and UN Development Programme, are the premiere vehicle for furthering development in poorer countries, providing assistance worth more than \$30 billion a year" (UN.org - United Nations Department of Public Information). With these sizable donations, the United Nations brings education, higher standards of living for all people and globalization to developing countries.

Globalization gives individuals the ability to learn of impoverished nations, slave labor and environment devastation within seconds. The accomplishments and the challenges of the UN are easily distributed through today's communication technology. In 2001, "80 percent of the world's population subsists on less than 20 percent of global income. In the past 30 years, official assistance – traditionally the leading source of development financing – has fallen to 0.24 percent of the aggregate GNP of the world's 22 richest countries" (IMF/World Bank Policy).

When assessing the impact of the United Nations financials, the world economy must be considered. As of January 9, 2003, "... shaky investor confidence, overhauled asset prices, macroeconomic imbalance and slower than expected economic recovery in the United States and Western Europe will continue to weigh down the global economy" (UN.org - UN News Service). This unfortunate news will trickle down to the amount of aid available to developing countries and slow progress in these nations.

CONCLUSION

According to the UN preamble of the Charter, "...dignity and worth of the human person.....and to establish conditions under which justice and respect for the obligations arising from treaties and other sources of international law can be maintained, and to promote social progress and better standards of life in larger freedom" (Basic,4) these ideals are at the very core of what the UN stands for. Member states that agree to the purposes and principles of the UN, are obligated to implement these objectives within their own citizenship, on their own soil.

The United Nations was founded "to help stabilize international relations and give peace a more secure foundation" (UN.org – Major Achievements of the United Nations). One agency of the United Nations, The United Nations Development Programme, is focused on promoting and improving global development strategies. "The United Nations Development Programme

(UNDP), in close cooperation with over 170 Member States and other UN agencies, designs and implements projects for agriculture, industry, education, and the environment” (UN.org – Major Achievements of the United Nations). As part of this commitment to developing nations, should the United Nations set and enforce standards for the governance of multinational enterprises? According to the UNDP web site they are already doing this *“The UN can bring together governments, civil society, multinational corporations and multilateral organizations - coming together around particular issues of concern and looking for innovative ways to address them.* —*Mark Malloch Brown, Administrator of UNDP*” (UNDP.org - A World of Development Experience).

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(contributed to the Financial Overview)

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