

ADDRESS BY

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It seems appropriate to open these remarks with a few comments about what the International Chamber of Commerce is and what it does. But then to pass on quickly to some fundamental changes which are taking place in international relations and how they are affecting the role of the businessman and some questions they raise for society as a whole.

The Chamber consists of national committees in 51 different countries. They in turn send from one to three delegates, depending on the size of their financial contribution, to the Council, which is the governing body. It meets twice a year. There are associated groups in several other countries which may in time become national committees. Between meetings, the Council delegates its authority to an Executive Board. It meets at least four times a year. The Head Office in Paris has a staff of about sixty and a budget of nearly \$2 million. The real work of the Chamber is carried on by Commissions and Committees whose memberships number over 1,000 and are drawn from all over the world. It consists of developing general policies to improve the business climate and to devise technical means to facilitate trade and investment. In these ways, business can make a vital contribution to the increased well being of people throughout the world.

The general policies of the ICC have been greatly influenced by the world's growing interdependence. The result, according to Marshall McLuhan, is a planet which is increasingly becoming a "Global Village".

Our new-found abilities to exchange merchandise, techniques and ideas are as fascinating as they are technical. Some examples are interesting. How different are our own food and retail shops today by comparison with even 35 years ago. The variety is truly international and includes of course, merchandise of Canadian origin, much of it influenced by styles and tastes originating in other countries but also an increasing number of exotic imports. The telephone, telex and electronic data processing have been used by business to make it more efficient. The jet airplane provides transocean transport for millions of tourists who exchange ideas and experiences with each other and with the people they visit in foreign lands. On returning home, this interest is maintained, particularly through T.V. Indeed, the jet airplane now permits more frequent meetings, often called on 48 hours' notice, between high officials from governments and business.

A second important factor has been the explosion in the number of sovereign nation states. The principle of self determination, initiated by President Woodrow Wilson of the

United States during World War I, has now spawned an increase in the membership of the United Nations, of over 2 1/2 times since this organization was founded 29 years ago.

During this period how have both governments and business responded to these trends? It has been in part by expanding existing international organizations and creating new ones. The United Nations took the place of the Old League and proliferated into a whole family of committees and groups. The IMF, the World Bank, the GATT and the Organization for Economic Cooperation and Development were born. Indeed, there are now over 170 such organizations covering all manner of activities.

Coupled with our growing interdependence, the deliberations of these international organizations are bound to affect the world business climate to an increasing degree. It is therefore vital that business should make an important input to them. Fortunately, in most cases, the ICC is recognized as the spokesman for world business. But further, the ICC should and does relay back to national business organizations and their memberships, information from these governmental world bodies containing a global dimension not readily obtained unilaterally from some national governments.

At the same time the proliferation of nation states means that business now faces just under 150 sets of different laws, tariffs and a stupendous variety of other barriers to trade and

investment. To cut through such complexities, the ICC commissions and committees have developed simpler procedures and standardizations, often in cooperation with intergovernmental bodies.

Let me give you three examples. First there is the Court of Arbitration. In case of a dispute, recourse to it can be stipulated in any contract without prior notification. It now receives between 150 and 200 cases per year - some of which involve over \$100 million - and in which about one-third involve governments or their agencies.

Secondly there is the Carnet system agreed to by 32 nations through the Customs Cooperation Council in Brussels. Documents issued by a national Chamber of Commerce substitute for Customs' forms and enable certain types of goods, such as samples, to be admitted for a temporary period only free of duty. This year there will be over 120,000 issued, covering over \$1.1 billion worth of merchandise. Further, a new type of carnet will soon be available to enable full container lots from one supplier to one customer to pass national frontiers with negligible customs formalities.

Finally the world banking community through an ICC technical committee and with the endorsement of the United Nations, has just reached a new agreement to standardize further "documentary credits". The initial orders for the relevant pamphlet containing the regulations are over 650,000.

Through the above and similar services the ICC is currently receiving nearly one-half of its revenues.

Now to turn to three major developments, which are taking place in the global village: 1) The growth in the number of sovereign states, 2) The increasing importance of the three major economic blocs, the European community, Japan and the United States; 3) The continuing and still intense rivalry between the USSR and the USA.

But it is the first of these to which too scant attention has been paid and the implications of which are only just beginning to be dimly realized. The original membership of the United Nations in 1946 was 51. In 1971 it has grown to 132 and is now 139 - to which can be added at least a further 11 independent states who have not yet joined. In spite of the validity and practice of the principle of self-determination the result has meant the balkanization of the Global Village.

It is as if such Village consisted of 150 households whose occupants live together under a multitude of agreements and customs accepted by ever-changing groupings but rarely by all. There are no by-laws enacted by a village council and as each household is sovereign it can abrogate any agreement almost at will. In reality the only binding force is long-term self interest or alternatively short-sighted short-term advantage.

Further the inalienable rights of sovereignty can hardly be said to have adapted themselves to the technical advances in communications. Indeed, there is on a massively universal scale a convulsive in-gathering of men in their numberless clusterings of separateness. Here people feel they can find a unique physical and emotional security. Moreover, citizens of the Nation States, over time, tend to develop a unique

mutual affection and willingness even to fight and die for each other, in the name of their country. It is a unifying force which can overcome ethnic origins as in the case of Switzerland. On the other hand, this force in many countries is still weak. Where such is the case, divisive powers tend to take over, as for instance in some of the post colonial countries where tribal, religious or racial cleavages have lead to internal instability or even civil war.

With the increasing number of nation states, it is worth emphasizing that the present community of nations has its roots in the history of world politics over the last 200 years. Generally speaking, this experience has been one of the explosive appearance, disappearance and reappearance of "nations", wars and revolutions which alter their placement and displacement in relation to each other and above all to the distribution of resources and power. Every aspect of the present world political landscape, post colonial, post imperial, post revolutionary, and today in some countries post illusionary, is dominated by the problems of the nation, nationality and nationalism. Indeed, some nation somewhere is practicing one of almost every known form of government from personal and prolitarian dictatorships at one extreme, to the highly democratic Swiss form of government with its frequent referenda. Further, this landscape is not by any

means uniformly stable. Indeed, many political elements espouse violence as a means to an end and make a mockery of national borders.

Amongst the apprehensions of the '70's, the businessman must therefore give greater weight to international politics than he has done over the past 24 years. He must recognize that there are forces of cohesion or division and for good or evil, operating in nearly every country. Finally, he must realize that these forces, due to the increase in communications, can operate more effectively now than ever before, both within the nation state and across international borders. But it is as true as ever that business and rising standards of living can only flourish where there is a reasonable degree of freedom and stability.

Comment on the second development can be much shorter because of its familiarity. It is to do with the increasing importance of the European Community and Japan to form with the United States three large market economies. They not only have enormous internal markets, increasing trade and investment with each other, but should they come to an agreed solution for almost any economic problem, it is unlikely that the other countries of the free world can greatly influence its implementation.

Finally, the rivalry between the USSR and the USA is both political as well as military. The near success of the Portuguese Communist Party and the dangerous implications for Western defence only serve to emphasize two aspects of the same problem. Further, Portugal is only one of the many areas where the East and the West interests touch, where the progress or sincerity of detente can be tested, and where any loss to the West could jeopardize the future defence of the free world.

For Canada and particularly for Canada/U.S. relations, these three factors can only be neglected at the cost of reduced mutual understanding. The United States, because of her size and belief in the market economy, is the leader of the Western world. Indeed, whether she wishes it or not, ~~but~~ it does seem that the United States will and must make her decisions in the national interest - as all countries do - as well as in terms of her global position and influence. For Canada, the implications are obvious but they will require not only a comprehension on our part of the United States' position, but also an increasing awareness of what really is going on in the Global Village and where our true long-term interests lie.

Finally, some comments about business and society. In the past, relationships between government and business tended

to consist of a set of intermittent contacts between two independent sectors of society. But now in country after country, continuous relationships are carried on between what amounts to two centres of power within what is more and more becoming a single entity. This is what is meant by the mixed economy. This trend, transferred to the international level, widens the area where the economic interests of sovereign states clash. For example, competition between the oil companies in many of its aspects has been changed to a confrontation between national governments. Too often it is forgotten that competitive markets greatly reduce the range of issues that must otherwise be decided by political means.

The growth of the mixed economy and world interdependence together with the economic deterioration since 1971 have increasingly brought the market economy and corporate business, particularly the multinationals, under criticism and regulation. Too often the attacks are based on ignorance or ideological objectives. The citizen-consumer is often confused by political actions taken in his name for his alleged benefit, but which in the long run end up in his own exploitation under extreme monopolization.

But to become more specific. The two basic conditions of the market economy are: first, freedom of individual choice.

These choices taken together are the great stimulating and controlling forces governing what is going to be produced. Secondly, freedom to compete. Producers of goods and services must be free to compete for these choices. Hopefully the present round of trade negotiations will stem the rise of protectionism and lead to even freer trade. But in the 19th century, the historian and essayist, Thomas Macaulay said:

Freer trade, one of the greatest blessings which a government can confer on a people, is, in almost every country, unpopular.

Too often national governments invoke "temporary" restrictions on trade as well as capital movements in narrow short-term national self-interest. But there is the old adage that there is nothing so permanent as the provisional.

In the present atmosphere, the multinational corporations are particularly vulnerable. For many years they have been researched in university circles. But the lack of hard facts on their operations has too often led to more heated emotions than enlightened discussions. Further, in the last few years, investigations have been undertaken by one international governmental organization after another.

It is a curious situation which has arisen. In country after country the MNC has been sought for the benefits it can deliver - and then feared for the changes it induces. To many

people their very success is frightening. Because some MNC's are large - but these are by no means the majority - they are attacked just because many are big and bigness, except possibly in government, is something which, in our society, attracts criticism.

For the businessman times too have changed. One hundred and fifty years ago he usually worked for himself and a limited circle. Seventy-five years ago, for himself and the nation. Today, many work for themselves, the nation, but also increasingly the "Global Village". Further, it is not claptrap to speak of such a man as working for the present family of nations. By contrast professional men have long derived satisfaction from the thought that besides earning a living, they are serving some cause. The lawyer the cause of justice, the journalist freedom of speech, the doctor all humanity. The business executive, doing his job properly, is entitled to reflect that he is contributing to economic prosperity, but there is little recognition of the validity of this concept.

With the increasing number of nation states and the growing interdependence, the need for international regulations are becoming more urgent. Fields for their application are as modern as technology and as old as war. Further, they are all crucially important to commerce and the businessman. Today he sees in many places, the politics of ideological confrontation

and strident nationalism. Barring a super state to enforce a pax romanum, which few people want, the real problem therefore is that of getting between nation states agreement on and respect for international law and/or supranational authorities.

There are therefore, in the mid-70's, many basic questions to which society as a whole should and must seek answers. To name a few: in the long term, where does the public interest lie? What should be the dividing line between government controls, government ownership and business freedom? What are the rights, roles and responsibilities of the multinational corporation? How much interpenetration can take place between business and government and at the same time maintain the essential flexibility of the market place? How does the consumer become aware of the advantage to him of the market economy?

But above all, how do sovereign nations relinquish some of their freedom of action to international agreements and/or laws? How do governments overcome their apprehensions about the political consequences of resulting restrictions on national sovereignty knowing that they may subsequently wish to adopt measures which they sincerely believe to be in the national interest but which would either break treaties or be illegal?

In putting these questions to society as a whole, there are obvious difficulties. But it would be wrong not to attempt to do so. It would also be equally wrong not to realize that, particularly in the West, we live in an age of mass communications. We are too often smothered by instant reactions and instant opinions. Indeed, they are an aspect of our increased interdependence in itself created by new and complicated conditions. In 1972, in a speech in New York, Giovanni Agnelli aptly described them:

The price of our interdependence is unavoidable interference in each other's affairs. The real question is whether this interference will take place by means of unco-ordinated and conflicting national actions or through mutually agreed solutions in international organizations.

More than ever now, therefore, there is great value in considered judgment. Surely there is much to be gained by putting to society, at least to those members of it who will listen, the complexity of our present problems. Further, the businessman of our global village must strive to find the right answers. To aid his search, the ICC provides a unique forum for much of his deliberations.