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Problems in Regulating the Multinational Enterprise— An Overview

As the world slowly emerges from its worst recession in thirty years, it has become painfully evident that no nation-state rich or strong is insulated from the actions of its neighbors. Ours is a global economy. "Recessions, inflation, trade relations, monetary stability, gluts and scarcities of products and materials . . . are international phenomena" affecting all national participants. The realities of economic life push toward global interdependence, discrediting in the process outgrown concepts of economic determinism.[1]

Reconciling the competing goals of the developed and developing community demands concerted commitment to development from all sectors. A principal engine of development is the multinational enterprise, an economic burgeoning of the last two decades, whose wealth and influence now rival many nation-states. The control which they exert over pressure groups and markets has enabled MNEs to affect political and economic processes of host countries in a dramatic way.[2] Fundamental problems have surfaced in recent years as a result of the growing internationalization of production carried out by MNEs. Inevitably, questions arose as to the proper role of the MNE and what restraints, if any, should be placed on it to make it a more effective instrument of international trade.

The international community is situated at an important cross-roads: It may continue to endure economic dislocations resultant from deficient institutional mechanisms for coordinating the public/private sectors, or it may develop new and more equitable standards of conduct under which both governments and

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[1]From Secretary of State Kissinger's address on global consensus and economic development, delivered by Daniel Moynihan, U.S. Representative to the United Nations, to the Seventh Special Session of the U.N. General Assembly, Sept. 1, 1975. *See* 14 INT'L LEGAL MAT. 1538 (1976).

[2]For comparison of host country attitudes among LDCs, *see* J. HARTSHORN, OIL COMPANIES AND GOVERNMENTS (2d ed. 1967); J. BEHRMAN, NATIONAL INTERESTS AND THE MULTINATIONAL ENTERPRISE 114-27 (1970); V. ALBA, THE LATIN AMERICANS 217-29 (1969); R. VERNON, HOW LATIN AMERICA VIEWS THE UNITED STATES INVESTOR 20 (1966); Anand, *Attitudes of the Asian-African State Towards Certain Problems of International Law,* 15 INT'L & COMP. L.Q. 55 (1966).

enterprises operate harmoniously.[3] While a good deal of time and energy have been devoted to confronting the multinational's special situation, most efforts have been confined to individual countries and regional bodies such as the Andean Community, OECD and EEC, or to particular subjects. Little energy has been spent on the broader issue of bringing the MNE into alignment with the development interests of the international community at large. The United Nations Commission on Transnational Corporations, and other international bodies, have recently commenced such efforts. Principles of conduct must reflect the interests of all participants concerned. On the capacity of the international community to achieve working principles may well hang the balance of future economic development.

The role of the multinational corporation has been the subject of discussions and study groups in numerous international organizations.[4] The Organization of Economic Cooperation and Development (OECD) has been involved in the development of principles of conduct and/or guidelines for MNEs. UNCTAD has established an ad hoc group on restrictive business practices similar to a long-standing group under the auspices of the OECD. There are other organizations which have been devoting their energies to the problem of the MNE: The UN Commission on International Trade Law and the International Labor Organization are two such examples. Even more significant perhaps is the work of the Group of Eminent Persons Commissioned by the UN to study MNEs. The commission has made the formulation of a code of conduct for MNEs a matter of high priority.[5] Of special concern to the Commission were questions regarding the extra-territorial application of local laws and the applicability of international norms. Major disagreements occurred, however, on the force to be attached to any code of conduct *viz.*, whether the code should be obligatory with penalties for non-observance or merely of persuasive force.[6]

Regional organizations of LDCs have also shown a special interest in prospective codes of conduct for MNEs. The Permanent Council of the Organization of American States has followed the work of the UN Commission and the Inter-American Judicial Committee in exploring the feasibility of a code of conduct.[7]

The OECD has been especially instrumental of recent in launching an inter-

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[3]Some favor the combined sharing of both power and ownership of MNCs and their subsidiaries. *See e.g.*, J. Behrman, *International Divestment: Panacea or Pitfall,* THE MULTINATIONAL ENTERPRISE IN TRANSITION 467, 486-88 (A. Kapoor & P. Grubb eds. 1972); Vernon, *The Multinational Enteprise: Power Versus Sovereignty,* 49 FOREIGN AFF. 736, 744 (1971). *But compare* M. ADELMAN, THE WORLD PETROLEUM MARKET 258 (1972).

[4]For discussion, *see* Rubin, *Reflections Concerning the United Nations Commission on Transnational Corporations,* 70 AJIL 73, 89 (1976).

[5]*See* REPORT OF U.N. COMMISSION ON TRANSNATIONAL CORPORATIONS approved by commission at conclusion of its meeting of March 17-28, 1975 (U.N. Doc. E/5655; E./C 10/6). (hereinafter cited as REPORT OF COMMISSION.)

[6]*Id.*

[7]Resolution adopted July 10, 1975, Permanent Council Res. 154 (167/75), Corr. 1.

governmental framework designed to enrich the investment relationships of MNEs with member countries affected.[8] The OECD blueprint is cast in the form of a declaration of policy and guidelines. Despite the voluntary hue of these guidelines, they represent a considerable achievement in international efforts to harmonize MNE operations through intergovernmental cooperation.[9] Policy considerations from the standpoint of the MNE were diverse: regard for country development, observance of legal obligations, local cooperation and insulation from bribery and illegal political contribution received major attention.[10] Specific guidelines were addressed to the activities of MNEs on such subjects as information disclosure, competition, financing, taxation, employment and industrial relations and science and technology.[11] The presence of voluntary compliance probably best explains the general parameters of these guidelines.

New Substantive Guidelines

There is no consensus on what areas should be included in a code of conduct let alone whether such a code should be obligatory with penalties for non-observance or merely of persuasive moral force. This symposium seeks to deal with some of the most troublesome of these areas.

A. *Taxation*

Improved tax apportionment has long been an area of pressing concern to nation-states and MNEs alike. Multinational corporations are subject to varying tax laws, framed primarily to serve domestic needs, but with little regard for the most effective allocation of worldwide resources.[12] There are presently no international standards for defining a home country or income and deductible allowances. Both rates of corporate taxes and the treatment of income taxation vary widely among both developed and developing countries. Some countries, for instance, tax both corporate and shareholder income. Others apply reduced rates on corporate income, or sometimes the shareholders themselves with due regard to taxes paid at the corporate level. The employment of flat rates on remittances to non-residents is still another device employed by various countries.[13]

More serious problems are posed even in structuring international tax policies. There are, for instance, presently no principles of equity as to revenue-

[8] *See* OECD Press Release, Press 1 A (76) 20 (Paris June 21, 1976).

[9] Member countries were also asked to assume major policy responsibilities as well. To further cooperative relations amongst the member countries with MNEs in connection with the guidelines, appropriate review and consultation procedures were targeted. *Id.*, at 7.

[10] *Id.*, at 7-8.

[11] *Id.*, at 8-12.

[12] *See* REPORT OF COMMISSION, *supra*, note 5, paras. 41-50.

[13] The United States, for instance, taxes nonresident aliens a flat rate of 30 percent on dividends, interest, royalties, etc. received on a regular basis. 26 U.S.C. § 871.

sharing among nations. In counterpoise to equitable principles which treat similar businesses non-discriminatively for tax purposes, regardless of the locus of ownership, some countries, such as the United States, strive to tax their nationals at their source, making no distinction between income earned abroad or at home. Neither approach promotes optimum allocation of tax revenues: one extreme method (income is taxed only where it originates) is often matched against the other extreme (taxation of worldwide profits).[14] Some countries in the latter grouping do, to be sure, provide for foreign tax credits[15] or in some cases, limit taxation to repatriated earnings. At present, however, such policies are unilateral only unless secured by bilateral treaty arrangements.[16] And they are, moreover, sometimes circumvented by practices of channeling income into countries which either provide tax havens for MNE holding companies[17] or offer tax holidays as investment incentives to MNEs.[18] Furthermore, tax incentives granted by host developing countries to attract capital are often nullified by home countries which subject MNEs to even higher taxation, refuse to credit taxes spared under host country tax incentive programs[19] or limit deduction of expenses from the foreign operations of an MNE.[20] While tax treaties have become popular devices for eliminating dual taxation, there are at present too few of such treaties.[21]

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[14]*See* REPORT OF COMMISSION, *supra,* note 5, para. XI.

[15]In the effort to eliminate abuses in the U.S. tax laws by the big oil companies wrought from OPEC structuring of posted pricing policies, Congress added a new provision to the 1975 Internal Revenue Code. The provision specifies that taxes paid to any foreign country in connection with the extraction of oil or gas are not income taxes when (a) the tax payer holds no economic interest in the oil and gas, and (b) the price upon which the tax is based is not the fair market price. 26 U.S.C. § 901(f). By treating oil company payments to OPEC governments as royalties instead of taxes, oil company retention of income after imposition of U.S. taxes will be substantially reduced.

[16]*See* REPORT OF COMMISSION, *supra,* note 5, ¶ XI.

[17]Most countries do not tax foreign income until it is repatriated to the parent country. Others still employ old territorial concepts which result in no taxation of the MNE. Pro rata allocation of the MNE's world-wide income was rejected by the U.N. Commission in its report as a solution to the problem. *See* REPORT OF COMMISSION, *supra,* note 5, para. XI. Recognizing some need for tax havens to avoid double taxation from incidences of high host country tax credits, the U.N. Commission recommended instead a modified accrual system. For discussion of the tax haven problem, *see* Burge, *Current Trends in the Taxation of Multinational Enterprises,* 52 TAXES 746, 747 (1974).

[18]Tax holidays are most utilized by LDCs in acute need of foreign investment to further their industrial development schemes.

[19]To cite just one example, the United States Senate has been reluctant to approve treaties with LDCs which provide for tax credits for taxes spared under LDC incentive programs. The U.N. Group has recommended such policies be reconsidered in the interest of furthering development objectives. *See* REPORT OF COMMISSION, *supra,* note 5, at ¶ XI.

[20]The United States Treasury, for instance, is apparently still considering its published proposals to subject a greater allocation of deductible expenses to income earned from the foreign operations of American-based MNEs. For comment on the proposed regulations, *see* REPORT OF COMMISSION ON DEDUCTIONS FROM FOREIGN INCOME, N.Y. State Bar Assoc., Tax Section, *Proposals for Improvement of Rules of Allocation of Deductions Between Foreign and U.S. Source Income—A Report on Section 1.861-8 of the Proposed Regulations (Issued on June 18, 1973],* 29 TAX L. REV. 610, 625-26 (1974).

[21]At present the United States has treaties of this kind in force with 23 countries. An additional 11 countries are covered by treaties which became effective while they were territories of either the

It seems only too clear that improved tax coordination is needed among host countries affected by the activities of MNEs.[22] There are pros and cons to both the worldwide earnings accrual test used by the United States and the remittance test which will require further study. The worldwide earnings test, for instance, encourages low tax countries to increase their taxes on affiliates of MNEs to the level of capital-exporting countries. The remittance test, on the other hand, tends to grant too much leverage to MNEs in exacting tax concessions. Tax reform, for certain, will not be easy.

B. *Securities*

Acutely difficult problems lie in wait for any serious attempts to internationalize the regulation of the world's security markets. The expansion of multinational trade, the increase in securities legislation in foreign countries, and the emergence of the MNE as a supranational entity all converge to make some form of improved international securities regulation necessary. At core is the extra-territorial reach of national securities laws seen occasionally in the United States.[23] Unilateral imposition of United States laws and standards on other countries can have an adverse impact on foreign investment.[24] Discourse and

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United Kingdom or Belgium, while some 25 territories are still covered by treaties with Australia, Canada, France, New Zealand and the United Kingdom. For a detailed breakdown of these treaties, *see* 2 RHOADES, INCOME TAXATION OF FOREIGN RELATED TRANSACTIONS, § 6.08 (1975). Such treaties generally assist foreign corporations in a number of ways. Foreign corporations engaged in a trade or business in the United States are subject to U.S. taxation unless protected by a treaty. 26 U.S.C. § 882. *See, generally,* S. ROBERTS & W. WARREN, U.S. INCOME TAXATION OF FOREIGN CORPORATIONS AND NONRESIDENT ALIENS, § IX/5, at IX 31-35 (1971).

[22]*See* Kissinger Address, note 1, *supra.*

[23]Actually, the history of extra-territorial application of the United States Securities Laws is somewhat checquered. The extra-territorial reach of the antifraud provisions of the 1933 Securities Act have, for instance, been upheld where U.S. investors are adversely affected and the jurisdictional means are utilized between the United States and a foreign country. *See e.g.,* Schoenbaum v. Fishbrook, 405 F.2d 200, 215 (2d Cir. 1960). The reverse has generally been true where the transaction involves only foreigners. *See* Investment Properties Int'l Ltd. v. 10S Ltd., CCH FED. SEC. L. REP. ['70-'71 Transfer Binder] ¶ 83,001 (S.D.N.Y. 1971), *rev'd in part* 458 F.2d 1046 (2d Cir. 1972). *But compare,* SEC v. Gulf International Finance Corp., 223 F. Supp. 987 (SD Fla. 1963).

Extra-territorial application of the 1934 Securities Exchange Act has been even less consistent. It has been applied to several foreign companies where sufficient contacts of officers and directors in the United States were found. *CF.* Travis v. Anthes Imperial Ltd., CCH FED. SEC. L. REP. ['72-'73 Transfer Binder] 292, 885, Civil No. 72-155 (E.D. Pa., June 7, 1972). In 1973 the SEC took the position, though, that foreign companies not listed on U.S. exchanges and with inconsequential trading on U.S. over-the-counter markets enjoy limited exemption under Section 12(h) of the 1934 Act from reporting requirements under Section 15(d) of the Act. *See* Exchange Act Release No. 10168 re: Lake Ontario Crest Ltd., CCH FED. SEC. L. REP. (1973 Transfer Binder) ¶ 83,111, May 23, 1973. The Supreme Court, furthermore, has upheld an international contractual provision calling for third-party arbitration in France by the ICC, notwithstanding the American status of Alberto Culver, the corporate disputant, and alleged violations of 10b-5 of the 1934 act and regulations promulgated therein in connection with Alberto's acquisition of a German cosmetics firm. Scherk v. Alberto-Culver, 417 U.S. 506 (1974).

[24]The issue of extra-territorial reach of the U.S. securities laws can probably be expected to turn on the locus of contacts of the securities transaction. Where the transaction is adjudged to be predominantly foreign, as in F.O.F. Propreitary Funds, Inc. v. Arthur Young & Co., Ltd. Doc No.

understanding is sorely needed. From such a modest beginning will hopefully emerge harmonization and cooperation in the administration of national securities laws which could ultimately provide a framework for eventual supranational regulation.

C. *Labor*

Coordination of international labor movements to deal effectively with the global strategies of MNEs are also treated in this part of the symposium. Sharp disputes too often have confronted MNEs in their efforts to extend United States labor practices to their international subsidiaries. What action, if any, for instance, should be taken to counter MNE flexibility in shifting production facilities from one country to another? Is the problem ever significant enough for action? Capital intensive industries, for example, make short-run operations difficult, to say the least. But if relocations are made, what notice requirements to employees should be imposed? Should governments allow sympathy strikes of workers employed by affiliates in other countries? And how can labor benefited imports be reconciled with the adverse effects they might occasion to labor in the exporting country? Then there is the larger problem of reconciling the internationalization of labor vis-à-vis MNEs with the possible conflicts that may arise with nation-states and their labor codes. These questions and more are assessed in the final article of the symposium appearing in this issue. Problems related to pressure from the trade union movement, particularly in the United States and Sweden, decentralization of industrial relations matters among the host countries of the various affiliates of the MNE, multinational objections to trade union demands for recognition, variations in bargaining practices among host countries and trade union concern with MNE investment decisions all are examined.

The world's readiness for an international labor code may be nothing more than a distant fantasy. Thoughtful attention to the heavy pressures confronting the MNE and its labor relations in the host countries it operates in is elemental, however, to any serious attempts to reconciling the MNE with global development goals.

D. *Other Areas of Substantive Concern*

Any effective code of conduct for MNEs, whether implemented by voluntary observance or enforcement machinery, will require consideration of other important areas as well. Antitrust, export controls and currency transfers have generated particular concern, both of which will be treated in Part Two.

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73 Civ. 3262 (S.D.N.Y. 1975), CCH FED. SEC. L. REP. 95, 296 (1975), subject matter jurisdiction will in all likelihood be denied.

Concentration, market allocation and abusive arrangements in transfer pricing pose critical issues for international trade relationships. The size and influence of MNEs in world markets make them especially effective in dominating and combatting potential competition through their affiliates. Antitrust regulation is not, to be sure, confined to the United States: It is now common practice in Europe and Japan. Even Mexico has felt constrained to take national action to control excessive foreign concentration and other market abuses. Dilemmas are posed, however, in bringing anticompetitive practices of MNEs under acceptable limits in the absence of international agreement. At the center of the quandary lies the often conflicting local policies for controlling anticompetitive conduct. Some host countries, notably Mexico, control only the actions of foreign affiliates, while others such as the United States, West Germany, Japan and the EEC, and more recently the state oil cartels of the OPEC countries, initiate extra-territorial application without regard to the impact on other countries. Reconciliation of these competing policies would seem improbable without international agreement.

Market allocation is another sore spot, particularly in developing countries. MNEs commonly restrict the export markets of their affiliates through various forms of restrictive licensing agreements on patents and other types of technology. To counter these practices, many LDCs have undertaken screening measures to eliminate tied purchase clauses and export licensing restrictions. Accommodation might require some international coordination or regulation to ensure that licensing restrictions are justified by commensurate local benefits.

Transfer pricing abuses is still another problem which may characterize MNEs and their affiliates. In simplest terms, it is a method of price manipulation between the MNE and its affiliates (referred to as intracompany pricing to achieve tax or other fiscal advantages) as well as with outside suppliers or customers. Motivated by such internal considerations as apparent profit reduction of a particular affiliate, improvement of wage bargaining with local labor units or the allocation of markets of affiliates subject to high government royalty requirements and such external factors as varying rates of tax assessment among countries, differences in the tax treatment of remittance, variations in exchange controls (e.g., 14 percent in Andean countries), and exchange rate and nationalization risks, an MNE may often find it profitable to vary the price factor between affiliates in its system. To counter the resourcefulness of MNEs, the lack of data and inability to compel data disclosure, perhaps internationally sanctioned disclosure rules are necessary to ensure arm's-length dealing. Despite the intrusive nature of disclosure rules some disclosure seems almost mandatory to any effective policing of MNE pricing policies. These and other problems to be encountered in efforts to bring MNEs under increased coordination if not regulation of their trade relationships will be examined.

The area of export controls, another hotly contested subject, will be appraised in Part Two of the present symposium. The role of export control laws, particularly the United States Trading with the Enemy Act[25] and other United States export control laws, with their effect on the MNE and international trade, will be explored as well as the reaction to such laws by the international community. Of special interest because of the debate regarding nuclear exports is a discussion of the current legal framework for nuclear exports and nuclear non-proliferation.

Currency transfers by MNEs has been still another source of controversy and will be assessed in Part Two.

The reasons for currency restrictions in host countries can often be attributed to MNEs themselves. A common practice of MNEs is to transfer excess cash in one country (referred to as the "float" accumulated in a company's system) to a troubled subsidiary in another. Intracompany accounts have been particularly advantageous as well in moving weak currents in particularly volatile areas into strong currency financial centers.

Reconciliation of currency transfer abuses within an international framework of investment coordination between host and investor countries can remove a major obstacle to more productive and harmonious trade relationships. Abusive currency practices of MNEs have spurred tighter monetary restrictions which more often tend to hinder the development process, discouraging needed long-term investment.[26] Some currency shifts are, of course, motivated by defensive factors (protecting against local currency changes) as opposed to offensive oriented currency speculation.[27] The former can usually be economically and politically justified; the latter cannot. Speculative short-term investment disrupts balance of payment parities, with the results usually reflected in vacillating convertibility between official and underlying market rates. While national restrictions have alleviated some of the pressures of foreign reserves in LDCs, they probably do more to inhibit development from sources in the private sector. A new set of internationally coordinated disclosures rules could perhaps prove an effective deterrent to intracompnay currency speculation.

Other substantive areas might appropriately be dealt with in any code of conduct for multinationals. Dumping and countervailing duties have been used by both developed and developing countries, often in retaliation, and generally

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[25]Enacted in 1917, essentially as a war-time measure, the Trading with the Enemy Act, ch. 106, § 1, 40 Stat. 411 (1917), granted wide powers to the president to deal with transactions involving the property of enemy nationals.

[26]REPORT OF THE GROUP OF EMINENT PERSONS TO STUDY THE ROLE OF MULTINATIONAL CORPORATIONS ON DEVELOPMENT AND ON INTERNATIONAL RELATIONS, submitted to U.N. Economic and Social Council at its 57th Session on May 24, 1974. (U.N. Doc. E/5500/Add. 1 (Part I), ¶ V.

[27]*See* S. ROBBINS & R. STOBAUGH, MONEY IN THE MULTINATIONAL ENTERPRISE: A STUDY OF FINANCIAL POLICY 185-87 (1973).

in derogation of global trade objectives. The establishment of uniform international rules may afford the best solution. So, too, accounting standards and participation criteria warrant attempts to obtain international consensus. Consumer protection against false advertising, political interference in the domestic activities of host countries, protection of the environment, contract observance, discriminatory investment policies of host countries and their effect on MNEs and the effects of MNE operations and activities on the social and cultural identities of host countries are other areas of obvious substantive concern to MNE and nation-states which are affected by their presence.[28] Unfortunately, space does not permit their treatment in this symposium.

New Dispute Procedures

Implementation of any substantive code of conduct will inevitably be visited by disputes. Difficult problems can be foreseen in the enforcement of multinational principles exclusively in local fora. Whether the same form of third-party dispute procedures can be established remains to be seen. The Latin American Calvo clause and other types of local jurisdictional requirements remain as entrenched as ever in Western Hemisphere LDCs. Only recently, local jurisdictional principles were reaffirmed by the Latin American and Carribean nations during the January 13-17, 1975 meetings in Washington of the Third Preparatory Meeting of Foreign Ministers of the American Republics.[29] And a draft outline of a proposed code of conduct on transfer of technology submitted to the UNCTAD Trade and Development Board similarly reaffirmed that local law be controlling unless otherwise excepted.[30] Other organizational groups have recommended similar jurisdictional restraints. The United Nations General Assembly, for example, has again acknowledged the right of individual states to regulate foreign investment and transnational corporations[31] in accordance with their respective laws, rules and regulations.[32] The Permanent Council of the OAS followed suit in adopting its resolution for a code of conduct

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[28]These were some of the areas of concern expressed by the group of developed countries to the U.N. Commission on Transnational Corporations. *See* REPORT OF COMMISSION, *supra,* note 5, Ann. II.

[29]These principles are outlined in Annex I of the Report of the Commission. *See,* note 5, *supra.*

[30]The LDC Group's proposals were made at Geneva on May 16, 1975 and are contained in Annex III of the Report of the Commission. *See* note 5, *supra.* The proposals were circulated in U.N. Doc. TD/B/C. 6/AC. 1/L.1Rev. 1, on May 16, 1975 and are reprinted in 14 INT'L LEGAL MATS. 1329, 1333, 1344 (1975). The Group's proposals essentially embraced a similar resolution of the OAS.

[31]While the term transnational enterprise is used, the term differs from multinational enterprise as that term is normally used only in the degree of diffusion of the enterprise as a whole. Contextually, MNEs were clearly included within the purview of "transnational corporations." *See* Rubin, *supra,* note 4, at 84-85.

[32]*See* CHARTER OF ECONOMIC RIGHTS AND DUTIES OF STATES, Art. 2, 19 UNGA Res. 3281, adopted Jan. 15, 1975, PROCEEDINGS OF UNCTAD, Third Session, Vol. 1, Report and Annexes (U.N. Doc. E. 73. II, D.4), annex I.A.

for MNEs.[33] Neutral fora seem clearly needed, though, to complement new sets of international guidelines. Reserved for further pursuit might be the proposals of Secretary Kissinger for more concerted use of fact-finding and third-party arbitration put forth at the Seventh Special Session of the U.N. General Assembly. The secretary's recommendations for more equitable procedural arrangements represent just one of a number of specific suggestions designed to improve coordination between host countries and transnational enterprises so as to make such enterprises more effective instruments in the world's trading system. Implementation of third-party dispute proceedings face tough resistance.

Conclusion

At present the world community lacks national and international institutions to deal adequately with the transnational character of multinational corporations. The future of trade developments may well depend on the international community's resolve to harness and coordinate more effectively the activities of the MNE. This may or may not require the development of regulatory and disclosure mechanisms to ensure more compliant attention to competitive markets, price manipulation, securities' coordination, trade unions, etc. Such mechanisms, may be particularly apposite in LDCs whose institutional checks and balances may not be sufficiently advanced to cope with the particular capabilities of large MNEs. The papers which follow explore various problems in regulating and coordinating the activities of MNEs in the important areas of taxation, securities and labor. Other important substantive subjects (antitrust, export controls and currency transfers) along with possible new procedural mechanisms to deal with more effective multinational coordination will follow in Part Two.

[33] *See* note 7, *supra.*