FOCUS ON Multinational Corporations

June 1982

ECONOMIC NOTES

LABOR RESEARCH ASSOCIATION, INC.
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It's the Depression of the '80's

Isn't it time for the entire labor movement to begin calling the present "recession" by its real name: "the depression of the 1980s"? Using the word "depression" helps dramatize how badly workers are doing, and it should encourage us to insist upon the necessity of initiating more militant, mass actions.

Depression Demands

The demands should be those befitting a depression:

*the government must create jobs for the 15 million unemployed;

*the government must provide unemployment insurance for all the unemployed;

*eviction proceedings against the unemployed must be outlawed;

*utility companies must not be allowed to shut off their services.

The depression is already one year old, and it shows no signs of ending. Instead, the odds steadily increase for a deeper collapse, with domino-like bankruptcies sweeping the economy. Even if a recovery occurs in the next few months, unemployment will grow due to the effects of the robot revolution, heightened competition from foreign capitalist competitors, the greed of the bankers who demand sky-high interest rates, etc.

Depression Facts

Here are some current facts to illustrate that we are in a "depression," and that only mass, militant action can protect workers and their families from abject poverty, evictions, and even starvation.

(continued on page 2)

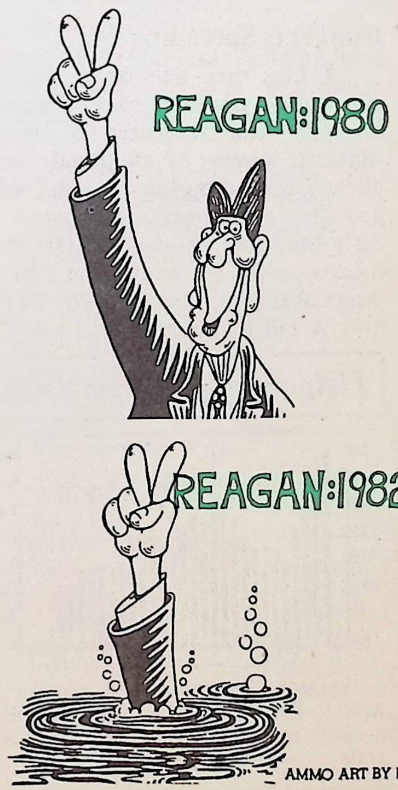
NOTE TO READERS

"Depression" describes the economic situation, but it does not describe the mood of workers who are actively fighting back against the attacks of the employers and the government. Nor does it describe our mood at Labor Research Association.

We are in a fighting mood, and that means we are doing everything we can to reach more people with *Economic Notes* and *Railroad Notes*. That's why we are holding the "International Conference on International Trade Union Unity Against the Multinationals." That's why, in the midst of the depression, we are continuing our program of study-visits to the USSR—so that as many workers as can afford it can see for themselves how workers live under socialism.

We hope you support our efforts. If you do, order 50 copies of *Economic Notes* (only $7.50) and give them to your co-workers. They'll thank you, and so will we.

CONTENTS



AMMO ART BY HUCK

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It's the Depression of the 1980's

(continued from page 1)

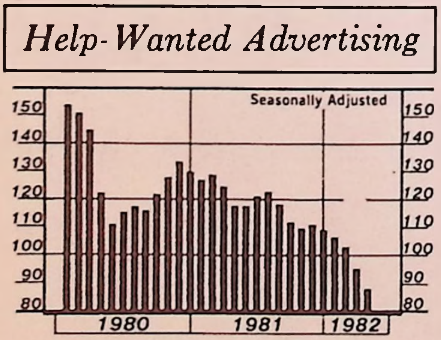
∘ The official unemployment rate reached 9.5% in May, with 10.6 million unemployed, the highest unemployment rate since the 1930s. Among Blacks, unemployment rose officially to 18.7%, and to 49.8% for Black teenagers. More than 30% of steelworkers are jobless; more than 25% of autoworkers and construction workers are jobless; and almost 20% of appliance workers are jobless.

∘ Sales of new single-family houses dropped 15.3% in April to the lowest level in the 19 years that the government has been keeping these figures.

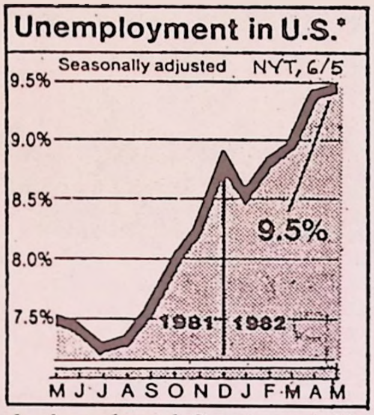
∘ Only 71% of manufacturing capacity was in use in April—even after the destruction of many plants due to shutdowns. The auto industry operated at only 55% of capacity. According to David Ernst, vice-president of Evans Economics in Washington, the use of manufacturing facilities is so low that "there is no way we're going to see any investment for expansion purposes for quite some time." (*New York Times*, 6/3)

Hunger is Spreading

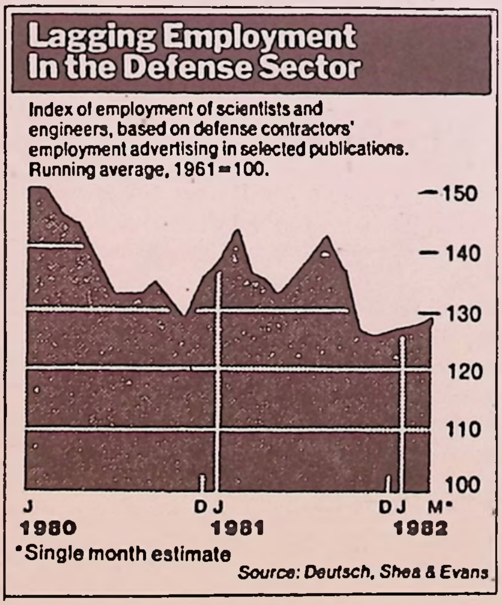
∘ Less than half of the official 10.5 million unemployed are receiving unemployment insurance payments. Many hundreds of thousands have already been dropped from the rolls, and the government announced in early May that another 628,000 were due to be cut off within the next 13 weeks as their payments expire. (*NYT*, 5/7) A bill to extend benefits for 13 weeks has cleared Senate and House committees, but the Reagan administration is opposing this minimal measure.

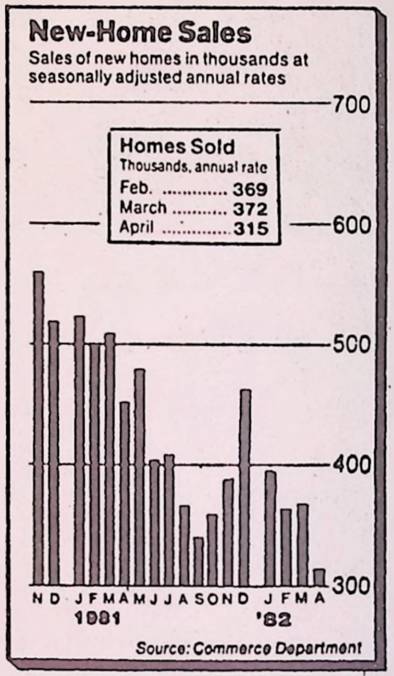


HELP-WANTED advertising fell in April to 88% of the 1967 average from 96% a month earlier, the Conference Board reports. WSJ, 6/3



∘ Welfare recipients, including those who successfully applied when their unemployment insurance benefits expired, are hurting badly. Even the *Wall St. Journal* admits this! In Ohio, according to the *WSJ:* "Welfare recipients don't get very much as it is. The average Ohio family of three on the Aid to Dependent Children program receives only $263 a month, about half of the amount that would put it at the poverty level. Individuals on general relief get about $110 a month. Those benefits now seem almost certain to decline. A house (Ohio) bill would reduce them by 1%; the senate is considering a 7% to 8% cut." (6/1)





The New York Times/June 3, 1982

Military Spending Creates Few Jobs

∘ Military spending, once considered the sure bet to pull the economy out of a recession, now clearly is only a sure bet to increase the profits of the military-industrial-complex, spur inflation, and push the nation toward war. Employment in the "defense" sector is lagging, even with the massive increases pushed through by the Carter and then the Reagan administrations. The $1.5 to $2.5 trillion military buildup of 1981-85 "analysts believe, will have only a slight effect on the unemployment rate. The Pentagon expects the military related industries to add about 350,000 workers by 1984, bringing contractor employment to 2,865,000. About one million related jobs would be created by what economists call the 'multiplier effect.'" (*NYT*, 6/1)

If that $300 billion per year (average) to be spent on military were spent instead on needed civilian projects, we can safely say that each $1 billion could create 50,000 jobs—or 15 million jobs in all! Now *that* is a solution to the unemployment problem! □

Profile of U.S. multinationals

by Thomas Kenny

Table 1: Fifty Largest Companies

Company	Total Revenue for 1980 (in $millions)
Exxon	103,143
Royal Dutch/Shell	77,140
Mobil	60,413
General Motors	57,729
Mitsubishi Corp.	55,183
Texaco	51,196
British Petroleum	48,052
Mitsui & Co., Ltd.	46,531
Standard Oil of Cal	40,479
C. Itoh & Co., Ltd.	39,986
Marubeni Corp.	38,051
Ford	37,086
Sumitomo	33,320
DuPont plus Conoco	32,179
ENI Group	27,112
Nissho-Iwai Co. Ltd.	26,702
Engelhard Minerals	26,596
Stand. Oil of Indiana	26,463
Gulf Oil	26,483
Sears, Roebuck	26,139
General Electric	25,523
General Electric	25,523
TOTAL Group	23,910
IT&T	23,819
Atlantic Richfield	23,744
Unilever	23,615
VEBA Group	21,972
Fiat	21,178
Renault Group	18,955
Petroleos de Venezuela	18,819
NV Philips Lamp	18,377
Volkswagen Group	18,313
Efl Aquitaine Group	18,150
National Iran Oil Co.	18,000
Siemens Group	17,941
P.S.A. Peugot-Citroen	17,114
Daimler-Benz Group	17,084
BASF Group	16,499
Hoechst Group	16,457
Bayer Group	15,858
INI	15,397
Thyssin Group	15,228
Safeway Stores	15,103
Electricitie de France	15,000
Toyota Motor Sales Co.	14,963
Petroleo Brasileiro SA	14,836
K Mart	14,830
Nestle	14,615
Petroles Mexicanos	14,574
Nisson Motor Co., Ltd.	14,383
Citicorp	14,211

Source: *Multinational Monitor*, Feb. 1982

Forbes, July 6, 1982.

U.S. multinational corporations (MNCs) do not have the total supremacy that they enjoyed 15 to 20 years ago. Some MNCs based in other capitalist states (W. Germany, Japan, etc.) are challenging U.S. MNCs for the top spots (see Table 1). Nevertheless, the power of U.S. MNCs is still vast and still growing.

U.S. non-banking MNCs had worldwide assets (i.e., wealth, both inside and outside the U.S.A.) of $1.8 trillion in 1977. That wealth was distributed among the following sectors: 42% in manufacturing; 23% in finance (non-bank), insurance, and real estate; 16% in petroleum; 13% in transportation, communications, and public utilities; and 6% in trade and mining. (*Survey of Current Business,* "A Profile of U.S. Multinational Companies in 1977," 10/81)

- The biggest U.S. MNCs—each with assets of $5 billion plus—were only 2% of the total number of U.S. MNCs, but held 50% of all MNC assets.
- Three-fourths of U.S. MNC foreign investments were in *developed* countries.
- The other one-fourth, located in developing states, were mainly in Latin America.
- In 1977, U.S. MNCs had worldwide sales of $2.1 trillion and worldwide employment of 26.1 million (18.9 million in US.; 7.2 million overseas).

Thomas Kenny is an economist.

Table 2 shows in what industries and sectors the overseas empire of the U.S. multinationals is concentrated. The large number of workers in "transportation equipment" category reflects the export of capital by giant U.S. auto manufacturers.

Table 2: Overseas Employment, 1977 (Foreign Nationals Mostly)

Industry	*Workers*
Mining	41,142
Petroleum	424,995
Manufacturing	5,322,882
Food	483,960
Chemicals	747,114
Metals	457,978
Mach., Non Elec.	762,544
Elec. Mach.	658,595
Transp. Equip.	1,083,144
Other*	1,129,547
Trade	454,137
Finance	430,219
Other**	523,319
TOTAL	7,196,691

*Tobacco, textiles, lumber, paper, printing, rubber, plastics, glass instruments

**Agriculture, construction, transportation, services

Source: *Survey of Current Business,* 10/81

Table 3 shows one of the sources of the above-normal profits made by U.S. MNCs' foreign investments. Even in developed capitalist countries the wage differential is substantial. In Asia, Africa and Latin America, wages paid by U.S. MNCs to their overseas workers are a tiny fraction of U.S.

Table 3: U.S. MNCS Compensation Per Hour Manufacturing Production Workers, 1977

Location	*Compensation Per Hour*
United States (Parent Corp.)	$8.76
Foreign Affiliate (average)	4.92
Developed Countries	
Canada	6.34
Europe	5.89
Japan	7.37
Australia-N. Zealand	4.55
So. Africa	1.80
Less Developed Countries	
So. America	2.47
Other Africa	1.30
Mideast	4.08
Other Asia	0.82

Source: *Survey of Current Business*, 2/82

(continued on page 10)

Multinationals cause unemployment

by Thomas Kenney

Can the present depression shaking the economies of the capitalist world be blamed on the multinational corporations (MNCs)? Yes.

There are some 30 million unemployed in the developed capitalist countries, and scores of millions are unemployed or underemployed in the developing states that are still economically dependent on the West.

In the developed capitalist countries, the trend of unemployment has been up for over a decade. In other words, after each recession, the unemployment rate never quite goes down to where it was before the recession started. When a new recession begins, unemployment starts to rise from a higher initial level.

Obviously, the MNCs have played a role in this rising trend of unemployment, for example by destroying jobs through plant shutdowns, or by exporting capital (hence jobs) overseas.

MNCs Must Take Blame

But too few writers have pointed out that the MNCs are reponsible, in a fundamental way, for the most well-known evils of a capitalist system, including its boom-and-bust character now so apparent in this depression, its tendency to growing unemployment, militarism, racism, chronic inflation, extremes of wealth and poverty, social decay, etc.

The MNCs are not merely *a feature of* capitalist society. The banking and industrial MNCs *are* the monopoly capitalist ruling class of this society, and they are responsible for the social evils of the system which they dominate.

The demand to restrict the power of the MNCs to make maximum profits is, in effect, a demand to curb the power of the ruling class.

MNCs Dominate Capitalist Economy

How important are the MNCs in the capitalist world economy? According to "Trade Union Strategy Against the Transnational Corporations," Commission #4 of the Tenth World Trade Union Congress in 1982:

"The hundred most powerful monopolies control about two-thirds of the capitalist world's industrial production and about 344 industrial enterprises with a gross turnover of more than $1 trillion, hold two-thirds of assets and two-thirds of profits, although they make up only 0.002% of all private companies operating within industry. Regarding credit and banking, the concentration of economic power has reached an even higher level than in industry. Between 85% and 90% of all financial transactions are carried out by the 100 most powerful transnational monopoly banks in the capitalist world."

What are the specific means by which MNCs create unemployment?

1) Plant shutdowns. They are a policy of the MNCs. They are a means of disciplining workers, especially militant ones organized in trade unions. MNCs, operating on an international scale, shut plants down more frequently than firms operating on a national, regional, or local scale. The rise of the MNCs implies a rising "*velocity of capital movement*" (*Corporate Flight,* Bluestone, Harrison, Baker, 1981) which translates into growing social insecurity. In these circumstances, fewer workers ever collect pensions or gain seniority.

"Between 1969 and 1976, at least 15 million jobs were destroyed in the U.S. as a result of plant closings and shutdowns, an average of 2.1 million jobs a year." (*Corporate Flight*)

Maximizing Profits Means Fewer Jobs

MNCs, under pressure to maximize profits in conditions of intense competition and accelerated technological change, often prefer to shut down an aging plant than to renovate it. The same pressures lead MNCs to consummate huge mergers which lead to the absorption, ruin, and closure of small, medium and even some large enterprises that cannot compete.

MNCs wage intense competitive battles for markets, and unemployment can soar in localities and regions affected adversely by sudden shifts in international competitiveness.

If an outright shutdown does not take place, MNCs can "disinvest" by reducing operations at an older facility, by gradually shifting labor, equipment, managers, etc. elsewhere. Older plants can be milked of their profits. Depreciation allowances—supposedly aimed at keeping existing plant and equiment in good repair—can be allocated to other sites.

Apart from destroying jobs, MNCs tend to *create fewer* jobs. First, they are capital-intensive, i.e., much more of their investments goes into buying machinery and plant than to hiring workers. Second, MNCs employ advanced technology which tends to be labor-saving.

2) Export of Jobs. Frequently when an MNC "redeploys" its assets, it shifts them to a location where wages are low or lower, or where raw materials are abundant, or where trade union rights are limited or nonexistent. The export of capital, i.e., foreign investment by U.S. MNCs, means that jobs that would have gone to U.S. workers go overseas.

(continued on page 11)

Thomas Kenny is an economist.

U.S. multinational banks are forcing defaults

by Greg Tarpinian

In the quest for ever greater profits, the largest of America's banks have lent out billions of dollars to foreign governments and institutions. Because of high interest rates, the sheer size of the loans, and the depression, many borrowers are faced with the likelihood of being unable to pay back their loans on time. As a result, they are requesting that the loans be rescheduled. This tendency is most pronounced among the developing nations.

More and more of the operations of U.S. multinational banks are foreign. For Citicorp., foreign loans grew from 39.8% of its total loans in 1971 to nearly 65% in 1980. The top five U.S. banks were also the top five in foreign loans and holdings (Table 1). For each one of them, except Bank of America, over 50% of their loans and holdings were foreign.

Table 1: Loans and Holdings (L&Hs) of the Top Five U.S. Commercial Banks, 1981 (billions of $US)

Bank	*Total L&Hs*	*Foreign L&Hs*	*Foreign as % of Total*
Bank of America	$121	$48	40%
Citicorp	119	70	59%
Chase Manhattan	78	45	58%
Man. Hanover	59	30	51%
J.P. Morgan	54	30	57%

Sources: *Business Week*, 4/12/82, 5/17/82

The foreign operations of U.S. multinational banks also bring in on average over 50% of their total profits. However, these banks also face the possibility of massive defaults by their foreign borrowers. A wave of defaults would affect more than just the banks directly involved. It would also create the conditions for a *general financial crash in the world capitalist economy.*

Greg Tarpinian is a Ph.D. candidate in economics, with a special interest in multinational corporations.

Developing Countries and the Banks

The external debt of the developing countries leaped from $87 billion in 1971 to $393 billion in 1979, and went to $456 billion in 1980. Of the 1979 figure, $221.5 billion was owed to foreign commercial banks. This huge debt means that in many of the developing countries, between 50 and 100% of export earnings go to pay external debt. Thus, large amounts of the revenues made from production flow out of the country to the bankers, doing nothing to improve the conditions of the masses of working people, and seriously hampering the further development of the economy.

About twenty countries account for nearly all the external debt owed by developing countries. Chief among them are Brazil, Mexico, Venezuela, Spain, and Argentina. Together, these five account for nearly half of the total debt of the developing world, according to the World Bank's 1980 estimates.

Latin America Debt

Four of the five most indebted countries are in Latin America. Taken as a whole, Latin America currently owes $76.4 billion to U.S. banks (Table 2).

Table 2: Latin American Debt to U.S. Commercial Banks, 1981, (billions of $US)

Country	*Debt to U.S. Banks*
Mexico	$21.5
Brazil	19.0
Venezuela	9.6
Argentina	9.3
Chile	5.8
Colombia	2.6
Ecuador	2.2
Peru	2.0
All others	4.4
TOTAL	**$76.4**

Argentina now poses one of the most severe threats to U.S. banks. As a result of U.S. backing of the British invasion of the Falkland Islands, there are fears that the Argentinian government may repudiate its debt. At the same time, the present oil glut has lessened Mexico's ability to raise the cash necessary to pay back its loans on time. As one banker said, "*If oil goes to $25 a barrel it will be a disaster. Mexico is the scariest thing going right now.*"

But bankers are not fools, and their "fears" are in many ways crocodile tears. At the same time default looms on the horizon, the further indebtedness of the developing nations allows the banks to place entire economies under their control. The banks dictate economic and social policy in return for loans, thus creating the conditions for further profitability for themselves and the industrial multinationals.

Austerity for the People

With the developing nations held hostage by the multinational banks, the plight of the vast majority of the people becomes unbearable as international capital tightens the screws of austerity.

The word goes out to the ruling elites of these countries: "If you want more money, then we want your people to tighten their belts." A lower standard of living, wages and social services included, means higher profits for the multinational corporations.

Alternatives for Developing World

Developing countries are not without recourse.

First, the nations of the developing world have the capability of organizing large-scale non-repayment of loans while demanding a moratorium on interest payments from the banks. It would be difficult for one country to go it alone, but concerted efforts could force the multinational banks to either loosen the screws or suffer defaults.

Second, the developing countries can begin to shift from their dependence on foreign capital by moving to state-run production, by cutting back on

(continued on page 6)

Cooperation is key against MNCs

by Greg Tarpinian

Corporate Data Exchange of New York, a non-profit research organization, has just released a handbook entitled *Labor Relations: A Company-Union Guide.*

The booklet is a guide to the U.S. labor relations of 80 corporations—72 of which are multinationals (MNCs)—which have been targeted by trade union, church, community and public interest groups. The MNCs are spotlighted by a host of campaigns, ranging from investments in South Africa to anti-union practices, arms production, and occupational health and safety, among other things.

The handbook identifies the composition of the work forces at these companies—what percentage of the employees are in the U.S., and what percentage of the U.S. employees are unionized.

Table: Unionization of Multinationals

Company	*Total Employment* (thousands)	*% in U.S.*	*% U.S. Unionized*	*% of Total Workforce in U.S. Unions*
American Cyanamid	43	75	75	56
American Home Products	50	50	45	23
Bendix	79	65	55	36
Castle and Cooke	38	35	55	19
Caterpillar Tractor	82	75	55	41
Chrysler	93	80	75	60
Coca-Cola	41	50	35	18
Dresser Industries	53	75	50	38
Du Pont	136	80	25	20
Exxon	177	60	25	15
Firestone	83	50	35	18
Ford	427	40	70	28
General Electric	402	70	40	28
General Motors	746	70	70	49
Goodyear	140	50	50	25
IT&T	348	40	45	18
Kellogg	21	35	75	28
Nestle	153	15	40	6
Reynolds	84	55	55	30
Standard Brands	24	50	40	20
Texaco	67	50	50	25
Union Carbide	116	65	25	16
United Technologies	200	65	40	26
Westinghouse	146	85	50	43

MNCs must be Organized Worldwide

Of special note for the purposes of this issue of *Economic Notes,* is the degree of unionization of U.S.-based multinationals. Even the companies with a large percentage of unionized workers in the U.S. can be largely *unorganized* if the branches of the company outside the U.S. are taken into account.

For example, take the Goodyear Company. By inspecting the table, we can see that 50% of its U.S. operations are unionized. However, only 50% of its total operations are in the U.S., so U.S. unions can only shut down 25% of Goodyear's operations. Assuming that only a small part of the overseas operations are organized, Goodyear is then only 25% unionized. If foreign unions have already organized Goodyear, the co-operation with those unions offers workers everywhere much bigger chances for victory.

Clearly, then, organizing unorganized workers in the U.S. is only part of the battle necessary to win victories for U.S. workers. U.S. unions must actively oppose foreign dictatorships which prevent unions from developing and functioning. Successes of foreign unions are key for the success of U.S. unions.

The multinational corporations pose great strategic challenges to the trade union movement. They daily prove that it is not enough to organize workers at home, but that international trade union unity is essential to winning victories for U.S. workers.

The handbook also contains data on union elections, union representation, collective bargaining agreements and work stoppages, documented company-by-company. It is available from Corporate Data Exchange, 189 Broadway, NYC, NY 10038 for $25 per copy. □

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(continued from page 5)

loans from capitalist banks, by putting controls on imports, etc. Already many countries are taking these steps.

Role for Socialist Countries

The socialist countries are increasingly able to give economic assistance, as well as expanding trade relations. The socialist countries abide by the principle of non-interference in the affairs of sovereign nations and conduct economic relations on a cooperative, mutually beneficial basis.

This cooperation is growing; the socialist countries through the Council for Mutual Economic Assistance (CMEA) now provide assistance to more than 100 developing countries. This assistance often takes the form of infrastructure development; projects such as hydroelectric dams and steel mills are common and help mobilize the internal resources of the countries for their own national welfare. □

Military MNCs: For war, against peace

by David Eisenhower

Weapons production is big business. It has been a growing industry since the Second World War, an era which also marked the beginning of the global assault of U.S. multinational corporations (MNCs).

The military sector has developed into a leading economic force. The power of the monopolies which comprise the Military-Industrial Complex (MIC) goes beyond economics. It extends into politics and public opinion.

Economic Dimensions

The current price tag on the weapons in production, development and planning is *$454.8 billion* (*New York Times,* 3/20/82). What with cost overruns, modifications and inflation, this figure could easily increase by an additional $200 billion before the weapons are delivered.

But hardware for the Pentagon is only part of the overall military buildup which will swell the profits of the MIC. Something in excess of $1.6 trillion will be spent over the next 5 years "on building American capability to project power around the globe." (Leslie Gelb, "Reagan's Military Budget Puts Emphasis on a Buildup of U.S. Global Power," *NYT,* 2/7/82) ("Leaks" from the government indicate the figure may reach $2.5 trillion.)

In addition to developing a Rapid Deployment Force based in the U.S., priority is being given to supplying, expanding and augmenting the more than 1,500 military bases and installations the U.S. maintains in 32 countries around the world. This worldwide military presence is designed, in part, to protect U.S. MNCs.

Furthermore, international arms sales to regimes which establish a favorable climate for U.S. foreign investment represent a growing market for U.S. manufactured arms. With the aid of Secretary of Defense Casper Weinberger, who drums up business, U.S. arms sales abroad will exceed $30 billion in 1982 according to the Military Problems Information Center. Sales of this magnitude will increase America's already dominant share of the world's arms trade, a share which amounted to $98.3 billion between 1950 and 1981.

Political Influence

In his farewell address in 1961 President Eisenhower warned that "we must guard against the acquisition of unwarranted influence. . .by the military-industrial complex." The warning went unheeded. In 1982 Admiral Hyman Rickover testified that the MIC had become "another branch of government." Furthermore, "with their ability to dispense money, officials of [military] corporations may often exercise greater power to influence society than elected or appointed government officials." (*NYT,* Jan. 29, 1982)

Rickover's testimony is confirmed in a study by Gordon Adams entitled *The Iron Triangle: The Politics of Defense Contracting.* Through lobbying and political action committees (PACs) the MIC creates a political climate favorable to rising military budgets.

Political Action Committee Spending

Company	*Amount*
General Dynamics	$509,978
Grumman	390,980
United Technologies	341,978
Boeing	260,840
Lockheed	172,805
Rockwell	162,805
McDonnell Douglas	125,526
Northrop	110,416

Source: *Iron Triangle,* Gordon Adams

Molding Public Opinion

The MIC has fostered the development of national security "experts" who define security in terms of ever more sophisticated and expensive weapons. For example, former Defense Secretary Harold Brown is of the opinion that "Our technology is what will save us." ("The new defense posture: Missiles, missiles, missiles," *Business Week,* 8/11/80)

The MIC has also seduced a significant portion of the scientific community into becoming advocates and designers of progressively more advanced weapons systems. Over the years this combination has served to plant the idea that security depends on the quantity and quality of weapons. The uncritical acceptance of the slogan "peace through strength" has helped to justify rising military expenditures.

The influence of the MIC and its exponents has also distorted debates over what really constitutes "national security." The result has been the introduction of a bias *against* disarmament and a tendency to view foreign affairs through military equations and options.

Growing Resistance to MIC

The very success of the MIC in developing weapons of total destruction has rendered its "solutions" to international problems obsolete.

Recognition of the danger to peace (and survival) posed by the MIC, as well as the pernicious influence it exerts over our entire society, is mobilizing millions to challenge the power of the MIC—galvanizing support for disarmament (e.g., the nuclear freeze campaign) and building popular resistance to U.S. armed intervention overseas. In addition, support for converting military spending to meet civilian needs is growing in direct proportion to the socio-economic damage arising from the activities of the multinational corporations and the MIC. □

U.S. Multinationals: Some Case Studies

by Greg Tarpinian

As the depression hits harder and harder at the American people, U.S. multinational corporations (MNCs) are increasing their investments abroad.

The tentacles of worldwide expansion come most strongly from the largest U.S.-based corporations. Global expansion—driven by the search for profits—is a fact of life in all major industries of the capitalist world.

In this article we will focus on four U.S. MNC's—General Electric, Ford, Citicorp and Exxon.

General Electric

GE, as it is known to the world, brings more than "good things to life," as the commercial jingle goes.

One of the first MNC's in the world, GE has for years been bringing its name—and along with it, economic and political domination—into the households of the capitalist world.

For many years, GE has been among the top money-making enterprises in the United States. In 1981 alone, it had sales of $27.2 billion and made profits of $1.7 billion.

In 1981, 23% of its sales revenues and 17.5% of its profits came from its overseas operations. Its foreign revenues grew from $2.3 billion in 1973 to $6.3 billion in 1981. At the same time, $3.7 billion of its domestic revenues were derived from foreign sales (exports). All told, 37% of GE's sales came from foreign sources.

Its foreign revenues came from four major areas of economic activity:

1) Its foreign multi-industry operations in various countries, consisting of affiliates which produce a variety of products for their home market. The largest among these is Canadian GE, which in 1979 had sales of $1.4 billion. It has other large operations in Italy, Brazil, Venezuela, Spain, and Mexico, with smaller affiliates in other countries.

2) Its non-diversified foreign operations. These one-product affiliates include among them Utah International Inc., a mining subsidiary, 80% of whose revenues are from outside the U.S., especially from Brazil, Canada and Australia.

3) The export of GE products and services from the U.S. to unaffiliated foreign customers and to GE affiliates.

4) Its technology licensing revenues from both affiliated and unaffiliated sources.

GE's largest foreign revenue sources are its foreign multi-industry operations and its Utah International Co. In 1979, together they accounted for $4.2 billion of GE's foreign sales.

Citicorp

Citicorp, the second largest bank in the United States, has the largest foreign operations of any U.S.-based bank.

In 1981, 54% of Citicorp's net operating income (profits) of $555 million came from its foreign subsidiaries located on every continent of the world. At the same time, 67% of its 1981 commercial loans of $58.7 billion went abroad, as did 60% of its consumer loans.

Citicorp has 30,100 employees in the United States, its central base of operations, and 28,100 employees in its foreign banks.

Whereas in 1971, 39% of Citicorp's total loans went abroad, in 1981 the figure was well over 60%.

Ford

Ford Motor Company is in the forefront of the world automotive industry in its multinational operations, pioneering the concept of the "world car"—an automobile made up of parts produced all over the world.

Worldwide sales of Ford cars, trucks, and tractors totalled 4.4 million units in 1981, worth $38.25 billion.

Of its total revenues, 52% came from sales in the U.S., and 48% came from abroad. On the other hand, the percentages were reversed when it came to new investments, with Ford's foreign capital expenditures outstripping its domestic 53% to 47%.

Its foreign sales operations are enormous. Ford's more than two million vehicle sales abroad placed it first in overseas sales by a U.S. based auto manufacturer. And it increased its market share in 1981 in each of its overseas markets.

Ford's Production Facilities

Ford has plants in Europe, Latin America, the Middle East and Africa, and in the Asian-Pacific region where, for example, it owns 25% of the Japanese firm of Toyo Kogyo, maker of Mazda cars.

As of January 1982, Ford had 149 major facilities in 27 countries, running the gamut from assembly and parts plants, to research and distribution centers.

In 1979, before the onset of depression conditions in the auto market, 255,000 of Ford's 495,000 employees worked in foreign countries, up from 202,000 in 1970.

Ford relies on its foreign production facilities for an increasing amount of its sales. Outside of Canada and the United States, its sales increased from 1.6 million units in 1971 to 2.2 million in 1979. (Export of U.S. made Fords is practically non-existent so virtually all 2.2 million are made outside the U.S.) Its largest markets are in Germany, Great Britain and Spain.

As the U.S. auto industry declines, Ford ships more and more of its jobs abroad. And it can't legitimately complain about the Japanese, since it holds first place in the world auto industry in sales outside its own country.

(continued on page 12)

Multinationals support South Africa

by Greg Tarpinian

The last two decades have seen a dramatic rise in U.S. direct investment in South Africa. In 1960, U.S. corporations accounted for 11% of direct foreign investment in South Africa. Now, in 1982, the figure hovers close to 25%.

And in that period, as well as for years before, South Africa has been a police state for the overwhelming majority of the population which is African—as well as for the smaller Coloured and Indian populations.

Racism in South Africa

It is the institutionalized system of racism known as *apartheid* which is used to repress Africans and keep political power concentrated in the hands of a big business-dominated white minority regime. Central to this system are the *pass laws,* which strip African workers of any residential rights in order to create a migrant labor force which can serve as cheap labor for South Africa, U.S., British and West German corporate interests.

Although they comprise 72% of the population, Africans are forced to live on only 13% of the land in what are known as reserves. No African can legally leave the reserves to work without permission, which is dependent on having a contract of employment off of the reserves. When the contract is up s/he must return to the reserves where there is little means for livelihood. Permission is recorded in a "pass book" which must be carried by all Africans at all times and produced on demand. Failure to do so means arrest and imprisonment.

Apartheid and U.S. Corporations

With the pass laws, the South African state and the domestic and foreign corporations attempt to keep firm control over the African workforce—determining where and when they will work and at what wages.

U.S. multinationals benefit directly from the political and economic repression of the African population, since such repression keeps wages low and profits high.

One need only consider the fact that in 1979 the differential in earnings between whites and Africans in manufacturing jobs was 4.3 to 1, and in mining and quarrying 7.1 to 1, to get a glimmer of the reasons why U.S. multinationals have invested heavily in South Africa.

By paying white workers much more, the companies attempt to keep them loyal to the boss and the racist regime, and divide the working class. Of course, as in our own country, the only ones to benefit from such racist discrimination are the companies themselves. For if there were a united South African working class, wages and benefits for all, white and Black, would be higher.

The significance of the wage levels really strikes home when you consider that African workers make on average less than one dollar an hour—far below the "poverty datum line" (PDL) established in South Africa for Black workers. Incidentially, the PDL is set *higher* for whites.

Table 1: Direct U.S. Investment in South Africa, 1980

Company	*Amount ($ millions)*
Mobil	$450
Caltex	334
Ford	213
GM	129
Kennecott	130
Phelps Dodge	130
Union Carbide	51
Goodyear	20

Source: Jennifer Davis, et al., "U.S. Dollars in Southern Africa," October 9-11, 1981, Riverside Church, Conference on Southern Africa, New York City.

Biggest U.S. Investors

Hundreds of U.S. corporations have investments in South Africa, but the top fifteen account for 75% of all direct investment.

The largest U.S. investors are Mobil and Caltex—both oil companies. They have direct investment in South Africa of $500 and $334 million respectively. The next two largest U.S. investors are Ford and GM, with $213 and $129 million in direct investment respectively. Goodyear, Union Carbide, Fluor, Newmont Mining, General Electric, Phelps Dodge, and Kennecott Copper also have large investments of millions of dollars in South Africa (see Table 1). IBM had $360 million in sales to South Africa in 1980.

Table 2: U.S. Loans to South Africa, 1972-1978

Company	*No. of Loans*	*Value ($ millions)*
Citicorp	33	$1,278.4
Manufacturer Hanover	24	945.9
Chase Manhattan	10	591.8
Morgan	16	521.8
Kidder Peabody	19	513.2
Smith Barney	8	353.3
White Weld Holdings	9	232.8
First Boston	7	202.2
Bank America	7	188.0

Source: Corporate Data Exchange, *U.S. Bank Loans to South Africa,* 1978, New York.

The U.S. has passed Great Britain and West Germany to become South Africa's number one trading partner, importing $3.3 billion worth of goods from South Africa in 1980, and exporting $2.4 billion.

At the same time, the corporations and government of South Africa rely heavily on loans from U.S. investment bankers. According to the Corporate Data Exchange of New York, top U.S. banks and investment firms extended over $3 billion in loans to South Africa between 1972 and 1978 alone (see Table 2).

(continued on page 10)

Profile of MNCs

(continued from page 3)

Table 4: Overseas Assets Of U.S. MNCs — All Industries, 1977	Assets ($ Billion)
Developed Countries	**$359.6**
Canada	86.2
Europe	206.6
U.K.	54.7
W. Germany	37.8
France	24.3
Neth.	18.5
Switzerland	14.2
Japan	41.8
Australia	18.3
South Africa	5.6
Developing Countries	**115.8**
Latin America	75.0
S. America	31.7
Argentina	3.0
Brazil	17.3
Venezuela	6.1
Cent. America	14.8
Mexico	9.5
Panama	3.5
Other	28.5
Bermuda	17.2
Neth. Antilles	5.5
Other Africa	9.7
Egypt	1.1
Libya	1.1
Nigeria	1.8
Mideast	14.6
Israel	1.1
Iran	3.5
Other Asia	16.5
Hong Kong	2.6
India	1.8
Indonesia	3.1
Philippines	2.1
South Korea	2.3
Taiwan	1.0
All Countries	**$490.2 bil.**

Source: *Survey of Current Business*, 10/81

wage levels. This is an immense source of super profits for U.S. MNCs.

Table 4 shows where the U.S. MNCs' biggest investments are located around the world. Though low wages and absence of trade union rights encourage them to invest in developing countries, the stability, closeness to markets, developed infrastructures, educational levels of workers, and other factors continue to attract investment to the developed capitalist countries.

Multinationals Support South Africa

(continued from page 9)

South African Trade Unions

It is against this background that African workers, along with Coloured and Asian workers, must struggle for their freedom and for economic rights.

The savage and divisive nature of apartheid has created a fragmented labor movement in South Africa. Many white unions exclude Black members, parroting the action of the ruling class. Restrictions on the right to strike are especially severe for Black, Coloured and Indian workers. In fact, until recently, Black trade unions were illegal. This did not prevent a massive wave of strike activity on the part of Black workers over the last several years, however.

Today, there is new movement among South African workers. New, integrated unions have formed and led big strikes in addition to recent large scale growth of Black (African) trade unions.

In the last several years, major strikes have occurred at Ford, Firestone, and General Motors. And, from the beginning of 1981 to the end of August of the same year, there were 118 illegal strikes led by Black trade unions. Before this onslaught of strike activity, recognition by the company was a rarity for Black unions, but in this period 100 recognition agreements were signed.

A major role in the resurgence of Black trade union activity is played by the South African Congress of Trade Unions (SACTU) which seeks to unite all South African workers regardless of race or color. SACTU now claims 100,000 members (most of whom are anonymous, as SACTU is banned).

SACTU sees that in order for the trade union movement to advance, political democracy for all South Africans must be won—African, Coloured, Indian and white.

The Role of U.S. Trade Unionists

Repressive conditions for the African majority mean greater job insecurity for U.S. workers, as U.S. companies will continue to invest in South Africa and import goods in large quantities as long as apartheid exists.

American trade unionists can, however, do much to help their South African brothers and sisters, and thereby help themselves. U.S. trade unionists could:

1) Ask their trade unions to support the calls made by SACTU, the ANC and the United Nations for total economic sanctions against South Africa.

2) Ask their trade unions to remove all of their accounts and pension funds from banks which do business with South Africa, as well as ending all trade-union related investments in corporations doing business in South Africa.

3) Educate other unionists about the brutal conditions in South Africa which cause a threat to their own livelihood.

4) Arrange speaking tours of workers from SACTU.

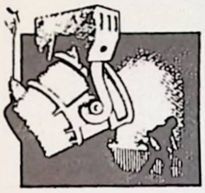
5) Ask their unions to adopt resolutions against producing, transporting, or unloading goods or parts destined for or coming from South Africa, and to seek collective bargaining provisions to implement those resolutions.

Each of these actions would help to isolate the South African government, as well as corporate interests in South Africa, and simultaneously advance the rights of both South African and American workers. □

Power Concentrated in Largest MNCs

In every sector, the concentration of power in the biggest MNCs is extreme. In manufacturing, MNCs with assets of at least $5 million accounted for 1% of the number but for 32% of the assets of all manufacturing MNCs. In finance, 4% of the number had 72% of the assets. In petroleum, 10% of the number had 78% of the assets.

Canada was host to the largest number of U.S. MNCS: 1907. The U.K. had 1,238; W. Germany, 821; France, 689; Mexico, 660. □



Let the steel bosses "giveback!"

by Thomas Kenny

Before deciding how to vote on forthcoming giveback demands of the companies, steelworkers should consider how well steel management treated itself in 1981. Data are just becoming available.

For steelworkers, 1981 was a tough year. Many lost their jobs, or worked less than year-round. Those who managed to work steadily found their wages just keeping abreast of inflation, despite productivity gains. 1982 looms as an even more difficult year, as steel jobs continue to decline and negotiations are opened up with "givebacks," the only language the companies seem to know.

By contrast, the steel bosses now pounding the drums for "sacrifices" did quite nicely in 1981. Just how nicely is detailed in the table, "Steel Bosses' Pay-Off." *(continued on page 12)*

Steel Bosses' Pay-Off

Company	*Title*	*Salaries, Director's Fees, Commissions, Bonuses for 1981*
U.S. Steel		
David Roderick	Bd. Chairman	$ 783,750
William Roesch	President	650,000
Bruce Thomas	Executive V.P.	446,250
M. Heatwole	Gen. Counsel	335,000
A. Hillegass	Group V.P.	310,000
TOTAL		2,525,000
56 other directors and officers		7,140,372
Bethlehem		
Donald Trautlein	Bd. Chairman	555,986
Walter Williams	President	416,931
Richard Smith	Vice-Chairman	349,284
William Ritterhoff	Exec. V.P.	327,710
Sheldon Arnot	Exec. V.P.	278,643
TOTAL		1,928,554
38 other directors and officers		5,666,651
Kaiser		
Roland Kjelland	President (till 11/81)	349,904
Stephen Girard	Bd. Chairman (from 11/81)	318,690
James Will	President (from 11/81)	301,574
Richard Gary	Gen. Counsel	262,400
Raymond Worman	V.P. Operations, Steel	230,400
James Maggetti	V.P. Fabric Products	226,200
TOTAL		1,689,168
23 other directors and officers		1,447,280
ARMCO		
Harry Holiday	Chief Exec. Officer	664,365
William Verity	Bd. Chairman	505,687
D. Boone	Pres., Chief Oper. Off.	513,312
J. Soden	Group V.P.	348,704
H. Cohn	Group V.P.	285,389
TOTAL		2,317,457
33 other officers and directors		4,578,013
Republic		
W. De Lancey	Bd. Chairman	479,167
E. Jones	Pres.	285,417
J. Loftus	Bd. Vice-Chair.	240,834
W.J. Williams	Bd. Vice-Chair.	240,834
D. Clark	Exec. V.P.	163,125
TOTAL		1,409,377
25 other directors and officers		1,954,293
LTV (Jones & Laughlin is a subsidiary)		
Paul Thayer	Bd. Chairman	1,163,622
Thomas Graham	Pres., J & L	661,073
TOTAL		1,824,695
29 other LTV directors and officers		5,126,358

ECONOMIC NOTES 1932 50 1982 YEARS

(continued from page 4)

MNCs Weaken U.S. Export Business

The job loss is actually greater than it would seem at first glance. If U.S. firms both produce and sell products abroad, exports of firms operating in the U.S. are reduced. Also, overseas operations making a certain product tend to rely to a greater extent on foreign-made component parts for that product—a fact which serves to reduce U.S. exports. These secondary effects which tend to hurt U.S. exports compound the job-destroying nature of MNC overseas investments.

Estimates of the number of U.S. jobs lost on account of the export of capital vary from five to eight million, depending on the assumptions that are made. □

U.S. Multinationals: Some Case Studies

(continued from page 8)

Exxon

Exxon has made its name as a multinational company, along with the seven other oil companies in the top ten of the Fortune 500.

Exxon is now the world's largest industrial corporation, as well as the biggest oil company. Sales in 1981 amounted to nearly $115 billion, with profits of $5.6 billion, second only to AT&T

In 1980 it had $2.3 billion in domestic profit and a whopping $3.6 billion in foreign profits. Also in 1980, 54% of its capital and exploration expenditures were foreign. Meanwhile, 42% of its oil production, and 27% of its natural gas production occurred abroad.

Exxon is not, however, restricted to oil and natural gas. It also has large interests, both foreign and domestic, in coal, uranium and oil shale mining.

Unified Approach to MNCs Is Needed

It is clear that the U.S. economy cannot be discussed in isolation from the rest of the world, since so much of what is claimed by large U.S. corporations is derived from their foreign operations. In addition, it can be seen that the MNC's are not the patriotic saviors they claim to be as they continue to increase their hold on the world economy while denying the needs of U.S. workers for jobs.

The more U.S. corporations diversify their operations, the more difficult it becomes to wage effective trade union struggle. It raises the profound importance of bringing trade unions of different countries together through militant actions on behalf of workers exploited by the same multinational corporation. □

Let the Steel Bosses "Giveback"

(continued from page 11)

	Payoff 1980		*Payoff* 1981*	*1981 % Change*
TOP STEEL BOSSES				
USS - David Roderick	$609,167	vs.	783,750	+28.7%
Bethlehem - Donald Trautlein[1]	280,880	vs.	555,986	+97.9%
Kaiser - Roland Kjelland[2]	349,904	vs.	385,099	+ 9.0%
Armco - Harry Holiday	536,544	vs.	664,365	+23.8%
Republic - William De Lancey	429,167	vs.	479,167	+11.7%
LTV (J & L) - Thomas Graham	409,647	vs.	661,073	+61.4%
National - Howard Love	349,696	vs.	601,208	+71.9%
Inland - Frederick Jaicks	430,004	vs.	505,005	+17.4%
Wheeling Pitt. - Dennis Carney	265,000	vs.	412,500	+55.7%

[1]Promoted to chairman from Executive V.P.

[2]Served only 10 months. At an annual rate, his 1981 salary would have exceeded 1980's by 9.0%.

*Compensation includes salaries, directors fees, commissions, bonuses. Other forms of remuneration, including securities or property, insurance benefits or reimbursement, and personal benefits are not included. Also, in 1981 personal income taxes were cut especially for highest brackets and many tax shelters were created by new Reagan tax laws. □