CAUGHT IN THE MIDDLE

Christians

in

Transnational Corporations

JAN HARM BOER

INSTITUTE OF CHURCH AND SOCIETY
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DEDICATION

To Wiebe Karl, Cynthia Jennelle, Kevin Richard, my children, and to Frances Ann, my Wife, with affection, much love and many apologies and a prayer that it may all have been worth it.

If you have come to help me
You are wasting your time.
But if you have come because
your liberation is bound up with mine,
Then let us work together.

(Lilla Watson an Australian Aboriginal woman from ***Youth,*** *Sept/85, WCC)*

This church lives. I rejoice with it and weep for it. I admire it deeply and get fiercely angry with it. But through it all I love it, because in no other relationship is God made real to me.

(John H. Kromminga The ***Banner,*** *28 June, 1982)*

Happy Reading to
Wiebe Jr.
from
Jan H. Boer
Dad

Acknowledgment

It goes without saying that this book is the product of a community, though the main responsibility is, I am afraid, my own. That community includes especially my church whose theology has shaped me decisively, even though I have found repeatedly that a large section of its membership questions the conclusions I draw from that theology. In spite of that problem, I am grateful to the Christian Reformed Church (CRC) for having nurtured me in a wholistic perspective that leaves no legitimate room for the dualisms that have plagued the Christian church through much of her history.

I gratefully acknowledge the efforts of a number of Christian Reformed congregations to have their members fill in the questionnaires that formed part of my research materials. These congregations are: Woodlawn, Sherman street and Bethel of Grand Rapids, Mich., Crenshaw, Sacramento, Madison and San Jose. Neal Berghoef, against many odds, tried hard to get members of CRC congregation of which he is a member to co - operate with me in filling the questionnaires. The same can be said of Clarence Visser of Edmonton, Art Helleman of Toronto, Uko Zylstra of Grand Rapids Mich. Their lack of success does not detract from my appreciation for their efforts.

Various denominational organizations and their employees contributed significantly as well. I think of Garret C . Van DE Reit and Ray Vander Weele, former and present administrators of the CRC Ministers' Pension Fund (MPF). The correspondence and discussions I have had with them has been extremely helpful. I owe thanks also to Henry DE wit, former Calvin College Vice - President for Business and Finance, for his extensive correspondence with me. Then there is Marcia Otte, member of office staff for Christian Reformed World Missions (CRWM) who did all she could to persuade both office staff and missionaries on home service to fill in the questionnaires.

In addition, there are a number of friends whose names cannot possibly be left out of this exercise. Anthony Ochumana and Moses Salami, members of staff at the Institute of Church and Society, Jos, Nigeria, have helped me with research. Dr. Yusufu Turaki, General secretary of the Evangelical Churches of West Africa, whose speciality is social ethics; Dr. Timothy Palmer, lecturer at the Theological College of Northern Nigeria; John P.Verseveldt of New Westminister, B.C. Canada,

retired Chartered Finiancial Analyst and former member of the CRC and Kathy Vanderkloet, a CRWM missionary in Nigeria, have all spent a lot of time with constructive criticism. I express deep thanks to Ukanwa Obewe of Jos based Techsource Ltd., the printers, who has gone to great length to make this work see the light of day.

I give thanks also to my family for having endured me during the lengthy process of research and writing from what, from the point of view of accessibility of information, must surely be one of the world's outposts. I will not repeat a promise to them made earlier to the effect that I will engage in no more such anti - family endeavors. I only promise that I will try to keep them within reasonable bounds. It is part of the brokenness of life that one suffers from contradictory obligations, neither of which can be shirked. One can only try to balance the contradiction in the least painful way - and pray for understanding and support.

In closing, I thank God for the challenge he placed in my heart to unravel a set of powerful contradictions in the life of the church, especially the western church, and for the determination he meted out to fulfill this obligation. May this study serve to increase understanding of crucial economic problems that inhibit untrammeled Christian life and witness, while it may also raise resolve to overcome these problems with the required radical re - assessment of economic activity. May the cause of Christ, of His church and of His world in general be advanced through this book.

chapter 1

Introduction

The Purpose of This Study

A few years ago, a transnational corporation concluded an agreement with the Filipino government to establish a pineapple plantation. The 8000 acres allocated for this plantation is very fertile and has been farmed by peasants for years. These peasants were relocated some miles away, thus uprooting their lives and community. Though compensation was paid to them, the community was not able to handle the relocation. Their traditional farming methods did not work in the new location and so the compensation money was soon depleted. Hunger and despair set in. The farmers, especially the younger ones, decided in increasing numbers to try their fortune in a nearby city, where they joined the throngs of other unemployed and unskilled peasants.

A North American denomination has a staff of missionaries based in that city. One of their programmes is to teach various skills to unemployed peasants to help them cope in the city. This programme is expensive, but the beneficiaries of the programme are grateful for a chance at a new start.

The denomination supporting this programme, like other North American churches, invests in corporations in order to support the pension funds for its pastors and missionaries. The corporation referred to above is one of those in which the denomination invests. The profits of these investments go towards the pension funds of its missionaries engaged in the Filipino rehabilitation programme. Furthermore, individual members of that denomination also invest in that same corporation, either directly or via mutual funds. Some of these members pay a tithe from their investment income into the treasury of their mission organization that operates the programme.

I trust you have caught the pathetic contradictions in this scenario. You may think that such a scenario is purely the figment of my imagination and that the chance of such a constellation of contradictory relationships is highly unlikely. This book is meant to show you that such situations are not merely possible; they actually exist. In fact, they are common. Christians spend the income from their investments to undo damages inflicted by such investments upon the peoples of this world.

Such situations usually do not arise out of malice or hypocrisy, but out of a number of factors all of which are closely related to each other and all of which will become more clear during the course of this book. There is the classic capitalistic faith in the positive outcome of economic activity carried out in one's own interest: the doctrine of the invisible hand. That faith has practically eliminated any felt need for an ethical check on the impact on people of one's investment.

Secondly, there is the common failure on the part of Christians to relate the Bible to their economic affairs. Directly related to this second point, Christians, either through lack of theological reflection or through theological distortions, have managed to separate the Great Commission from the Cultural Mandate, two terms we will hear more about as we go along. This separation has caused a divorce between their missionary programmes and their economic ventures as if they were carried out in totally separate worlds and based on very different philosophies that are at odds with each other at many points.

Many people, I have discovered, do not care to know how their denominational funds are raised or handled and they are satisfied with very summary reports. I am under the strong impression that one reason for this situation is that they prefer to remain ignorant, for then they do not have to do anything about it. The stated rationale is: we trust those whom our church has appointed to look after our money. The unstated rationale is often: don't bother me.

If YOU are one of these people, I want to rob you of such excuses. I want to press the facts upon you in such a concrete way that your conscience will no longer allow you the dubious luxury of this ignorance. I want to goad you into action both individually and collectively.

With these facts at your disposal, you, an "ordinary" Christian, can become more aware of the role of Christians in the international economic order. Put in another way, this book aims to help you understand better the role you and your church are playing in the world of business and industry. Such understanding, in turn, should guide you all in the use of your spiritual faculties to devise a way in which you and your fellow Christians can be involved in the world economy in a manner consistent with the gospel and your mission in God's world.

You may not be interested in business, money and corporations and even think that you have nothing to do with them. To you I would almost say, "READ NO FURTHER !"—EXCEPT, except that you probably ARE involved, much more involved than you may think. Your denomination may have millions of dollars or some other currency invested, and that money is partially yours. If you live in the western world, you are possibly enrolled in in a pension fund that gets its profits from investing in corporations. IF YOU ARE A WESTERN CHRISTIAN, ESPECIALLY A NORTH AMERICAN, YOU ARE INVOLVED, WHETHER YOU LIKE IT OR NOT.

But my purpose is not merely to let you know something. KNOWLEDGE IS POWER. As your knowledge of this situation increases, so do your power and ability to bring about changes in the way in which you and other Christians participate in the economic order. Apart from sex, there probably is no area where people are more secretive than in the way they handle their money. If you do not know how your Christian brothers or sisters, your denomination, or your corporations handle their money, you can bring about no changes; indeed, you will have no reason to want to do so. But once you know....

My purpose is even more than that described above. In addition to power, KNOWLEDGE BRINGS RESPONSIBILITY. When you know what is wrong within the Christian community or even in the world as a whole and you become aware of your own participation in it, you have no choice but to exercise you responsibility. Christian economic responsibility is often referred to as STEWARDSHIP. Well, once you know what is wrong, your responsibility as a steward of God's resources becomes greater.

Definition of Transnationals

At this point, a few words are in order to make sure we all know what we are talking about when we refer to "transnational corporations (TNCs). In the past, the name "multinational corporation" has been used more. The main reason for my using the term "TNC" is simply that major international organizations like the United Nations (UN) and the World Council of Churches (WCC) tend to prefer this name.

The variety of definitions students of TNCs offer is almost without limits. I present the one offered by Biersteker of the Massachusetts Institute of Technology (MIT) as our working definition. The term "TNC", according to him, "refers to any enterprise that undertakes foreign direct investment, owos or controls income-gathering assets in more than one country, produces goods or services outside its country of origin, or engages in international production."

Conflicting Attitudes towards TNCs

As soon as you try to describe TNCs, you run into a difficult problem, for TNCs are extremely cootroversial entities. Most people either love them or hate them. Some see them as an expression of divine incarnation. Quoting Isaiah 53:2-3, a passage that Christians traditionally take to be a prophecy about the coming Redeemer, Novak comments, "I would like to apply these words to the modern business corporation, a much despised incarnation of God's presence in this world." On the other end of the spectrum one finds those who speak of the "demonology of multinationals" and of "multinational devils." Given such a charged and polarized atmosphere, it becomes very difficult to conduct the discussion in a somewhat objective and fair way.

Those studies that seem the most objective are often written from a capitalist perspective, but that objectivity is an illusion from which it is very difficult for the average Westerner, including myself, to free herself. That illusion is the result of having been brought up in a capitalistic atmosphere in which calm capitalistic thinking is the accepted mode. It is, furthermore, the method of thinking that comes naturally to the dominant party who is relatively comfortable in his economic and political situation. Most Westerners, and that includes me, can afford to be calm and collected.

It is much more difficult for the underdog, the victim, to remain calm. She suffers. His very existence is threatened; he is insulted; his culture is endangered; his people do not know which way to turn. She is forced to protest, to cry out. In such an environment it is difficult to adopt a calm attitude and pretend objectivity. In fact, such attitudes are usually thrown overboard while protest, anger and frustration are given free rein.

Since such attitudes are not considered intellectually respectable, those brought up with a capitalist mode of thought will look down upon such critics as mere emotional rabble rousers who cannot be entrusted with any responsibility. This was how colonial nationalists were dismissed in their time and it is presently the case with those who protest against TNCs. The Yusufu Balas, the Wilmots, the Rodneys and the Adegbolas, all angry Black writers from the South, will hardly be accorded the intellectual respectability required for the capitalist to give them a sympathetic hearing. Their cries of outrage have no place in the intellectual arsenal of the cool, comfortable capitalist.

Thus, it becomes extremely difficult to conduct a fair and objective discussion. But we will try....

Business Practices Are Often Barriers to the Christian Mission

Why do I want to disturb you with such issues? The reasons will become clear as we proceed, but for now let me summarize them for you. The main reason is that Christians have a MISSION in this world to be the image bearers of God Himself. We are to reflect God's love and justice in a loveless and unjust world. We are to be agents of that love and justice by seeking to establish an order that makes room for love and justice as much as lies within the realm of possibility in this present age. Christians have sought to carry out this task especially in terms of mission to all the peoples of the world. We seek to bring the Gospel everywhere. I myself have been such a missionary for some 25 years.

During the last 200 years, most missionaries have come from Western countries. The peoples of the countries to which we missionaries have brought the Gospel are not stupid. They have observed that our sending constituencies in the West are often involved in economic enterprises that counteract the spirit of the Gospel that missionaries are bringing. Some churches and missionaries have become aware of this gross inconsistency, but few Evangelicals can be found amongst them. Many missionaries and members of their supporting churches do not understand why they are often accused of being stooges of capitalism. Rather than listen carefully to the complaints, they prefer to hide behind the fear that behind these complaints is a baseless Communist plot—and then continue with business as usual, even when such business builds barriers to the Christian mission. Such Evangelicals can continue to fool themselves, but they cannot continue to fool the people to whom they are sent with the Gospel.

The last paragraph talks about mission. The problem is that as soon as we talk about mission, about how to bring the Gospel to a people, we soon end up discussing strategy. Now, the materials in the last paragraph can easily be understood as no more than strategic concerns that must be taken into consideration if we want our hosts to accept the Gospel, but that have little to do with the central truths of the Gospel. Strategies can change with circumstances and time. The concerns of the last paragraph may be legitimate in our own day as a matter of strategy, but they were irrelevant in an earlier day when our hosts did not understand these concerns and it is possible that this issue will again become irrelevant in the future if or when the focus of the world's interest ever shifts away from politics and economic.

It is my contention that the issues I am about to discuss with you are not merely matters of missionary strategy: they are among the foremost concerns of the Gospel. They spring out of the so-called Cultural Mandate of Genesis 1. The central message of the Gospel demands that we treat our economic stewardship as a most serious matter not only in missionary endeavours but also in our individual lives and social structures, specially in our economic lives. This contention will be discussed more fully later. The concern is made more acute in our own day because the world as a whole is so much more conscious of these global economic issues than ever before.

I am no economist; I am a missionary first of all and a theologian second. Many of the issues I am about to discuss are more economic in nature than theological. I would have preferred to leave this work to economists who have learned to integrate their economic theory with Christian principles. There are economists who struggle with such integration and we will come across some of them during the course of our discussion. However, they are likely to leave out the missionary dimension in which I am vitally interested. Besides, though some are struggling with these issues, I have yet to read a publication that treats the problem as I believe it should be treated.

I met with some such struggling economists at Calvin College, an international American-based Christian college in Grand Rapids, Michigan, which I want to take as an example of the strange distortions that can take place in Christian educational institutions. These economists had listened to a public lecture I gave on the subject. When I challenged them to come out into the open and help the Christian community with their struggles and insights, they confessed to having their hands tied. Most of their students come from the denomination that owns the college, namely, the Christian Reformed Church. It is a conservative denomination which, in spite of her insistent theoretical confession of the Lordship of Christ for all of life, has not been able to free her membership from the chains of a bourgeois mentality. These lecturers told of constant opposition, if not harassment, on the part of their students, inspired by their families. So, Christian scholars, charged with being pioneers in integrating economics with Christian thought, working in a college that has recently been recognized along with Wheaton College as being the most serious in seeking to integrate scholarship with Christian thought, are prevented from effectively and openly carrying out their mandate. I am grateful that the Christian Reformed World Mission, in response to synodical decisions, encourages missionaries to bring problems such as these to the attention of the constituency. I will thus take up the cudgel in the hope that others, especially Christian economists, will join the effort.

However, since I am no economists, I run the risk of simplifying economic issues. There may be an advantage to having a nonprofessional write about economic issues. Since I am not addressing economists first of all, but the general public, a nonprofessional is likely to use less jargon than would a professional and will probably take less for granted with respect to your grasp of economic issues.

I take couragement from Biblical writers, especially the prophets, James and humbly, from Christ himself. If these had spoken to Christian audiences today, the latter would have accused them of not taking the complexities of economics into consideration. They would dismiss our Lord and these

Biblical writers as economic simpletons. Well, since the professionals for reasons of their own have not publicly taken up issues they know need to be aired, let a modern simpleton try.

Part I
The Happy Family

chapter 2

The Rockefeller Empire

EXXON

In order to give you some feeling for the tremendous size, overwhelming influence and almost unlimited power of TNCs, I am going to go into the details of some of these giants. I begin with the master of them all, Exxon, and "cousin" corporations that have all emerged from the original Rockefeller Standard Oil Co. As I proceed, it will become clear that Exxon is not to be separated from the Rockefeller family. Thus, you will find frequent shifts from Exxon to Rockefeller family affairs. The same holds true for my inclusion of affairs pertaining to the Chase Manhattan Bank, usually referred to simply as "Chase." This bank is the third partner in what I call the "triad" of Rockefellers, Exxon and Chase. The Rockefeller member of this triad also covers most of the other American oil giants. And in those not covered by that member, you will most likely find a finger of either Exxon or Chase—or even both.

Exxon is such a large octopus that it almost defies systematic description. I can only give you a loose glimpse of the tip of the family iceberg. My presentation will also give a glance into the historical development of that community. The intention is to produce what is probably best described as a proper sense of awe and, perhaps, a vague sense of discomfort at such undefined and yet all-pervasive power in the hands of a small group of self-appointed economic and cultural guardians whose efforts are mostly geared to the pursuit of profits.

In 1974, Exxon surpassed General Motors in sales and since then the company has been regarded as the world's largest corporation. As the story unfolds in this and succeeding chapters, one can understand how this distinction arose and how it is maintained.

Statistics associated with this octopus are, again, overwhelming. It has activities in almost 100 countries, according to the corporation itself, but that statistic covers neither the Rockefeller family as a whole nor its individual members. Neither does it include the Chase empire. It does not even include the many companies and corporations spread throughout the world in which Exxon and/or the other members of the triad have investments, and in many of which members of the triad have board representation. But where Exxon has a direct presence in foreign countries, it is almost always a very significant presence with much economic and, not infrequently, political clout. We will see the meaning of this as the story proceeds.

Of course, not every individual affiliate or corporation in which Exxon has investments is by itself a major political or economic power. Some are small and hardly known to the general public. Which sports fan would know, for example, that weighing instruments for the Los Angeles Olympics in 1984 were provided by Toledo Scale, an operating group of Exxon's affiliate Reliance Electric Co. Who would ever connect Exxon with sports, except in a philanthrophic relationship? And who would possibly discover that Toledo Scale was a "grandson" to Exxon?

Before I go on with the story, let me give you a few miscellaneous statistics. Of course, these statistics are forever fluid. They do not therefore represent the exact situation at the present moment, but they are presented as indicative of the general picture. Details may vary from time to time, but the general situation changes only by intensification.

Employees number some 180,000 throughout the world, slightly more than half of which live and work outside the USA, the corporation's home. Exxon boasts more than 500 subsidiaries. The company is owned by more than 790,000 shareholders, of which 24,000 are institutions. These institutions own about 540 milliou shares, while the remaining 325 million shares are held by individuals, 37% of which own 100 shares or less. Many of the individual shareholders are employees. 45,000 of them own about 30 million shares. Tax statistics are equally impressive: in a recent year, Exxon paid a total of $23.3 billion in taxes and other payments to the many governments under which it operates. The enormity of this figure gets some perspective when one realizes that recently, Nigeria, a nation of 100 million people, is undergoing tremendous pains in making up her mind on whether or not to take out an IMF loan of a "mere" $2 hillion. Though a sum of $800 million may be small in proportion to other Exxon statistics, when it stands for a "minor" item such as a US taxbreak, then it becomes huge once again. I will not be discussing philanthropy in this book at any length, but even here Exxon statistics are impressive: a total of $58 million given away to various causes in one year throughout the world recently.

The Clan and Its Corporations

Exxon Corporation is a relatively new name, adopted in 1972, for one part of the Rockefeller empire. This empire itself started during the early days of oil refining and the American Civil War, which gave strong impetus to Grandpa John D. Rockefeller, the founder of the dynasty. Rockefeller founded the Standard Oil Company in 1870. When US law was found too restrictive for people whose business ambitions were national and international in scope, he founded Standard Oil Trust, under which a number of corporations of the Standard family operated: Standard of New York, Standard of Ohio, Standard of California, Standard of Indiana. Standard Oil Company of New Jersey is the one that eventually became Exxon. The trust included 40 corporations, 14 of which were wholly owned by the "Jersey." Among the descendants of that trust were, in addition to those retaining "Standard" in their names, some very major corporations, some of which have since been merged with others: Mobil, Continental, Marathon, and Atlantic Richfield (ARCO). At one time these descendants together constituted half of the 16 major oil companies. As Collier and Horowitz put it: "Its very complexity set up a maze of legal structures that successfully rendered its workings impervious to public investigation and exposure. Under the trust arrangement, it was never clear who owned what or who was responsible for which actions."

The men who formed the executive arm of the Standard empire were so powerful that they have been compared to a government cabinet. William Vanderbilt, another American legend, said of them:

> I never came in contact with any class of men as smart and able as they are in their business.... I don't believe that by any legislative enactment or any thing else, throngh any of the states or all of the states, you can keep such men down. You can't do it! They will be on top all the time, you see if they aren't!

Rockefeller investments were already widespread and impressive in the 1890s, even if figures in millions no longer impress us today. At his retirement he had gathered a fortune of some $200 million, which by 1913 had increased to $1 billion. At the time of his retirement, he had 67 major investments in non-oil industries valued at $23 million. These included 16 railways, 9 mining companies and several banks. Even in the remote Pacific Northwest of the USA his presence was felt in steel and paper mills, a nail factory, in lumbering and smelting concerns. In the early 1900's, Rockefeller obtained $80 million in the brand new US Steel Corporation, which was then part of a rival American empire, namely, that of the Morgans. This arrangement made Rockefeller the largest stockholder in what was then the largest business aggregate in the world and put him on its board of directors. Grandpa had a $30 million interest in International Harvester. He also invested heavily in a fledgling known as General Motors. Though the Standard Oil Trust had been broken up during the intervening years, John D. retained controlling interest in all of its constituent corporations: Standard of New Jersey, 23%; of Ohio, 18%; of California, 15%; of Indiana, 10%.

The heir to this empire, John D. Rockefeller Jr., was born in 1874. Already during his youthful years, he was placed on the boards of 17 of the largest industrial and financial institutions in the USA, including National City Bank, US Steel, Standard of New Jersey, Colorado Fuel and Iron, several railways, and the University of Chicago. During the 1910s, under Junior's pressure, the family bought controlling interest in the Equitable Trust Co. This firm soon became the eighth largest US bank and began to gobble up smaller banks and other financial companies—14 of them by 1920. The company also established branches in foreign countries.

In 1930, the Equitable Trust Co. was merged with the Chase National Bank, a giant with assets of more $2 billion, a huge sum at that time. The board of this bank comprised a number of executives from other large corporations, such as GM and Bethlehem Steel. Wiggins, the chief executive of Chase, was a member of the boards of 50 other companies, each of which he was able to persuade to maintain its accounts with his bank. With this merger, the Chase became the world's largest bank in assets with 50 domestic and ten foreign branches, excluding the 34 domestic and 66 foreign offices of its subsidiary, the American Express Co. Winthrop Aldrich, a relative to the Rockefeller clan, was appointed president of the bank. Junior made the Chase the cornerstone of the Rockefeller empire. He, like his father, continued to own the largest individual blocks of stock in all the Standard companies and also indirectly controlled more blocks through foundations. He also invested in IBM, GM and General Electric.

Being heir to an empire like the Rockefeller's involves not only corporations and profits; it also means prominence in cultural and philanthropic affairs, where the family invested large amounts of money and organized itself. Junior's oldest son, John D. Rockefeller the Third, born in 1906, was barely out of college when he became a trustee or a member of the directorate of no less than 33 boards or committees, including the Rockefeller Foundation, its General Education Board, the China Medical Board and a few more organizations and institutes, all related to the family's philanthropic efforts.

Of course, a Rockefeller could not help but turn everything into a financial opportunity. There was the happy co-incidence of John D. III's marriage to Blanchette Ferry Hooker, whose mother was the heiress to the fortune of Ferry Seeds and whose father became the president of the Hooker Electrochemical Co.

Another of John D. Rockefeller Jr's sons, David, in time became the leading personality in the Chase Manhattan Bank, as it was properly called. The bank's affairs and those of the family were so intertwined that it was hard to tell where the one ended and the other began. The Chase had become a leading bank at a time when financial institutions were gaining dominance in the American economy over other sectors of the economy. In fact, they became what bas been described as the "epicenter of the economy. controlling buge trusts and even larger pension funds, they bad become the great powers of the economic order." David chaired the Chase board of directors that had members who were also members of boards of many other huge conglomerates: Allied Chemical, Exxon, Standard of Indiana, Shell Oil, AT&T, Honeywell, General Foods, and "dozens of other corporate giants," in fact, of more than 100 of the leading corporations and financial institutions in the country. The bank was also the leading stockholder in CBS, Jersey Standard, Atlantic Richfield, United Airlines, AT&T, IBM, Motorola, Safeway, and "a galaxy of other corporations." This galaxy included two major railways and two large trucking firms. It also included more members of the airline industry: Northwest (9%) and National (21%). Furthermore, the bank had large holdings in TWA, Delta and Braniff airlines. Sucb investments in airlines ensured that the Chase would provide the substantial loans these companies require frequently for their purchases of high-technology equipment. It was a successful ploy: by 1974, 14 airlines bad a total of outstanding loans at Chase of $275 million.

The complicated intercorporate entanglements involving Chase, the Rockefeller family as a whole and David were/are so bewildering that they defy clear description, even though in this discussion I am only touching the tip of the iceberg. An example are Eastern and American Airlines, two large airlines in the USA. They were losing money and needed to be rescued. It was decided that this rescue could best be achieved by merging them. Though the government ruled against the merger, the story is nonetheless enlightening. As Collier and Horowitz put it:

> The negotiations were conducted for American by its President, C.R. Smith, and its director, Manly Fleishman, and for Eastern by Laurance Rockefeller and his aide Harper Woodward. Fleishman was also a director of the Equitable Life Insurance Co., whicb had lent Eastern $90 million and American $60 million, while Smith

doubled as a director of the Chase, which had lent Eastern $28 million. David (who was also a director of the Equitable) knew that the merger would have the dual effect of bolstering his brother Laurance's position as Eastern's largest stockholder and protecting the outstanding Chase and Equitable loans.

David was also involved heavily in real estate. He had residences in Manhattan and Pocantico, as well as vacation homes at Seal Harbor and on the island of Saint Bartholemy in the Caribbean. He had a 15,000-acre sheep ranch in Australia, interest in a French vineyard and thousands of acres of land in the Virgin Islands and Brazil that were meant for future development. He had a 25% interest in the Embarcadero Center in the heart of San Francisco. In due time, David also got his hands in and around the city of Atlanta. He was involved in the building of Interstate North, in a $50 million, 240-acre development project and he obtained 50% interest in Fairington, another $90 million, 700-acre residential community of apartments and condominiums..

Like a true Rockefeller, Laurance, another one of the brothers, engaged in business ventures of every kind. Of course, complete information about Laurance is available no more than it is for the rest of the clan. Laurance's first active involvement in business was with New Furniture, a company he set up to import Scandinavian furniture. He had interest in what we now know as the McDonnell Douglas Corporation in its early stages before World War II. While occupying a strategic post in the US Navy, he disposed of the stock. After his release, he again bought into the company, acquiring 73,000 shares for $405,000, which represented 20% of its common stock. In 1950, Laurance sold his stock in this corporation. He had made some $8 million on his investment of $400,000. This may have been Laurance's first flirtation with the armaments industry but by no means his last. He was instrumental in reviving the ailing helicopter manufacturer Frank Piasecki. The company became influential in the Korean war effort. Eventually it was bought by big brother Boeing. Other high-technology companies with strategic potential came within Laurance's orbit as well. He purchased a 21% interest for $500,000 in Reaction Motors, a New Jersey concern involved in classified research on liquid fuel rocketry. He invested 20% in Marquardt Aircraft, a builder of ramjets; 27% in Wallace Aviation, a maker of jet engine blades; 30% in Flight Refueling; 24% in in Airborne Instruments Laboratory; 24% in Aircraft Radio. Many of these were young companies that tried hard to get government contracts. They were also frequently looking for a suitable larger corporation with which they could merge. Along the way, Laurance also bought a 17% interest in Nuclear Development Associates as well as stock in a new Boston engineering firm called Itek. Subsequently, Laurance increased his Marquardt stock to 85%, four years after which he sold enough of this stock to Olin Mathiesen to give them 25% of Marquardt, while he became a member of the Olin Board. He then proceeded to join the chemical division of Olin with another one of his holdings, namely Nuclear Development Associates to form United Nuclear, which became in good time the nation's largest private fuel business. Though he tended to sell his holdings after he had made a reasonable profit, some he held on to more or less permanently. An example is Itek, a corporation that eventually joined the ranks of Fortune 500 and became a very important producer of aerial reconnaissance and surveillance equipment such as cameras for U-2 planes and spy satellites.

He especially got himself involved in the hotel and tourist industry. In the Virgin Islands, he held 4,000 acres which were used for tourism in the mid-60s. He also owned the Dorado Beach Hotel in Puerto Rico and 1500 acres used for the development of an estate of high-priced executive housing. He also developed Cerromar Beach Hotel, complete with nightlife and gambling tables. Laurance owned the posh Little Dix resort in the British Virgins, the Grand Teton Lodge in Yellowstone and Woodstock Inn in Vermont. In 1965, he opened the $20 million Mauna Kea Beach Hotel in Hawaii. In connection with his Hawaiian ventures, he obtained $22 million stock (216,000 shares) in Eastern Airlines and then created a partnership involving the airline and a construction firm by the name of Dillingham Development Corp.

Laurance also got involved in nuclear technology during the 50s. At his instigation, the family put together United Nuclear Corporation and in the 60s they invested in New England Nuclear, a leading producer of radioactive drugs. For public relations purposes they eventually shed this company because of accusations of discharging dangerous levels of radioactive materials in the Boston area.

Nelson was probably the most famous of Rockefeller Jr.'s sons. He was always at the centre of things. He has been governor of New York state and became Vice President of the USA under Ford. Before his appointment to this post, he had to submit to a hearing. In this context, Nelson had to expose some of his family's wealth in an unprecedented way. Junior, it was reported, had gotten $465 million from the original patriarch. Of this amount, $240 million was put in Chase as a trust for children and grandchildren. Nelson's share by this time had grown to $116 million. He also had personal assets to the tune of $62 million, made up of art objects, real estate and securities. Some time later, his combined assets were valued at $218 million.

Like other members of the family, Nelson had his associations with Chase. Though the entire Rockefeller family holdings in the Standard companies did not seem all that great (see next paragraph), he had enough clout to persuade Exxon to arrange for some 20 accounts of their subsidiaries to be lodged with Chase.

The Rockefellers Abroad

So far, I bave only revealed SOME of the Rockefeller holdings, mostly in the USA. They have extensive holdings abroad, much more than I have so far indicated, either directly or through their companies. I am about to provide SOME statistics and details about these foreign ventures. However, do not think that either wbat goes before or what comes below is in any way complete. I am only giving you a few samples of the extensive kind of involvement the family has in the world economy through investments in corporations. Many of the companies I have already mentioned and those about to be mentioned have themselves investments in other corporations and they have many affiliates and subsidiaries, the full extent of which it would be difficult to determine. One would have to embark on a special study on its own to get a more or less complete picture. Even as complete a study as that of Collier and Horowitz from which I draw many of these details, is woefully incomplete as far as the facts of investments are concerned. But without going into details, Collier and Horowitz introduce the subject by the general observation that under the original John D. Rockefeller "the Standard fought for overseas markets with the same ferocious intensity as it had for its domestic concessions, with no quarter given or expected, defying foreign governments as routinely as it had state legislatures at home." A few examples of how competitors were routinely and ruthlessly eliminated are provided in a later chapter in this book.

Of course, the US's northern neighbour was not ignored. Exxon's Canadian affiliate, Imperial Oil, in which Exxon has/had a 70% interest, has been described as Canada's biggest multinational oil company. Its chairman during the late 60s was regarded as Canada's most influential business executive. A later chairman sat on the board of Royal Bank, the largest Canadian bank, a position indicating great entrenched power in the country. During the last few decades, Imperial has invested huge sums in the Athabasca oil sands in Alberta and in artificial islands in the Beaufort Sea. The Athabasca reserves are said to be the largest in the world, containing about a trillion barrels, comparable to the oil resources of the entire Middle East. Imperial has a 25% share in the development of these huge reserves.

Esso Resources is another Exxon affiliate in Canada and is the corporation's exploration and production arm. In 1989, Imperial took over Texaco Canada, the country's fourth largest, for $4.9 billion (Canadian). Imperial was already the largest oil company in the country, hut with this new acquisition it far outranks the second, Petro-Canada, their respective assets being valued at $13.4 billion and $8.4 billion. In addition, of course, the Rockefellers, their oil companies, and their hanks all have their more or less hidden investments throughout the economy of Canada. One interested in such affairs has to constantly keep his eyes open for such information when he reads. The Rockefeller-controlled Citibank of New York had a 24% interest in Alberta's Mercantile Bank, which subsequently merged with National Bank of Canada, a private bank in spite of its name.

By about 1890, Russia was becoming a serious competitor in the Standard's European market for crude oil and kerosene. At that point, Rockefeller decided to eliminate his European distributors hy creating his own affiliates who would outmaneuver the latter. Standard organized the Anglo-American Oil Co. in Great Britain, the Deutsch Amerikanische Gesellschaft in Germany "and others." In Britain, within three years, the company's share of the petroleum products market increased for 17% to 70% Rivals were bought and sometimes infiltrated by secret purchases of their stock. The attempt met with success: American oil exports to Europe grew by 550% over a period of 15 years and Standard's share was 60%. By the time the US government forced the dissolution of the Standard empire in 1911, the company had an interest in over 70 affiliates abroad. In more recent times, the company spent $5.3 billion in the development of the UK North Sea oil ventures.

During the 1920s, Standard of New Jersey arranged a cartel with the German I. G. Farben corporation that enjoyed a monopoly in petrochemicals. Under Hitler, Farben was said to be using slave labour from Nazi concentration camps, but the Standard people did not cut their relationship. In fact, the Jersey company sent an envoy to Farben to see how both the company and the Nazi regime could improve their image. Naturally, when this relationship became known in the USA, it created a scandal and both the State Department and Congress became involved.

Other European countries invaded included Rumania and The Netherlands, where the company had/has a 50% interest in the huge gas fields in Groningen. Under its Esso hanner, the company is deeply involved in a $4 billion project in that country to keep the sea at hay. As soon as Eisenbower entered Paris in 1944, Chase re-opened its branch there. As Esso France, the company claims to be the most successful one at finding oil in France. The

Chase also rushed in to establish close relations with the Bank of Yugoslavia after Tito's break with Stalin in 1944. In 1950, the bank was one of the first to extend credit to Franco of Spain. Exxon was a formidable force also in Greece, where it holds/held 100% interest in Thessalonika Refining Corporation, Esso Pappas industrial Corporation, and Esso Pappas Chemicals, respectively ranking 3rd, 6th and 23rd in the country's manufacturing companies rated by sales. Thessalonica runs/ran the country's largest oil refinery.

The company continued to creep across the European continent eastward. During the Nixon days, cousin Chase Manhattan became the first American bank to open an office in the USSR, its address being 1 Karl Marx Square, Moscow. Though American TNCs are often thought to be extensions of American politics and vice versa, Exxon, along with Mobil and Texaco, owns about one-fourth of the German concern Ruhrgas. Against Reagan's wishes, but with the blessings of West Germany, this company has been negotiating with the USSR government to build a $15 billion pipeline to transport natural gas from Siberia to Western Europe.

Australia did not escape the clutches of Exxon. Beginning in the mid-60s, Exxon got a 50% interest in a partnership with a large Australian industrial and mining company, Broken Hill Proprietary. Together they have developed the Bass Strait properties which now account for 90% of the country's domestic liquid petroleum production. Exxon also has a hand in the country's uranium industry and is enough of a heavy weight that the government decided to waive certain restrictions the company was chafing under because the former judged the project to be of economic significance to the country.

Soon the company moved into China and India and other parts of Asia. A description of their expansion almost sounds like a missionary story. As Collier and Horowitz tell it, by the 1890s,

> Standard agents were rushing into hearts of darkness everywhere, carrying their products by sampans, camels, oxen, and on the backs of native bearers. They went along the east coast of Sumatra, to Siam, Borneo, and French Indochina. A transoceanic empire lay before them.... the Era of American Economic Supremacy had begun.

Not only does the story sound like one of missionary expansion, but the Rev. Gates, a close aid to the Rockefeller, clearly spelled out the economic benefits of the missionary enterprise in business language that closely parallels similar descriptions found in missionary accounts. In the words of

Collier and Horowitz:

> The fact is that everywhere beathen nations are being honeycombed with light and with civilization, with modern industrial life and applications of modern science, through the direct or indirect agencies of the missionaries. Quite apart from the question of persons converted, the mere commercial results of missionary effort to our own land is worth, I bad almost said, a thousand-fold every year of wbat is spent on mission. For illustration: Our commerce today with the Hawaiian Islands... is, I am told, $17,000,000 per year. Five per cent of that in one year would represent all the money that ever was spent in christianizing and civilizing the natives.... Missionaries and missionary scbools are introducing the application of modern science, steam and electric power, modern agricultural machinery and modern manufacture into foreign lands. The result will be eventually to multiply the productive power of foreign countries may times. This will enrich them as buyers of American products and enrich us as importers of their products. We are only in the very dawn of commerce, and we own that dawn, with all its promise, to the channels opened up by Christian missionaries.

During the 70s, David Rockefeller was advocating replacing the iron curtain with a "plate glass curtain." As China became more bospitable during Nixon's regime, the family's bank, the Chase, became a correspondent bank for the Bank of China. As its oil interests opened up to foreigners, China went into negotiations with various Western oil companies, including a consortium beaded by Exxon and shell. This consortium bas becn involved in some of the larger contracts.

China was by no means the only Asian country penetrated by the Rockefeller/Chase/Standard (Exxon) triad. And although the above paragraph only refers to modern China, that country was already entered back in the first days of the Ango-American. This affiliate reached out to Madras, Calcutta, Singapore, Shanghai and Yokohama. During the 30s, Exxon and Mobil formed a partnership under the name Standard Vacuum Oil Co. This company was designed to represent their mutual interests in the Far East. It was dissolved in the 60s in order to allow both TNCs to further their individual aims better in that region. Exxon's new Japanese affiliate was named Esso Standard Sekiyu. By the mid-20s, the company moved into wbat is now Indonesia with a refinery and eventually developed substantial production there. In 1969, the company first discovered gas reserves in Malaysia and has since been producing oil under contract with that country's state oil company. When the Viet Nam war created a need for an American bank, Chase promptly responded by opening a facility there.

In any discussion of oil interests, the Middle East is bound to loom large. Exxon got its first foothold in the area through a partnership with the Iraq Petroleum Co. in 1928. It took another 20 years for the company to enter Saudi Arabia. The well-known Aramco (Arabian American Oil Co.) was originally owned by Standard of California and Texaco. The latter held concessions on 440,000 square miles in the country—almost 11 times the size of The Netherlands, the country of my birth! On 1948, Exxon purchased a 30% interest in Aramco and guaranteed a loan to Trans-Arabian Pipe Line Co. for a pipeline that would connect Saudi with the Mediterranean.

Turning to Latin America, during the '30s, Venezuela suddenly became the second largest oil producer in the world next only to the USA. Though over 100 companies tried to get a piece of the cake, only three of them controlled 99% of it: Standard of New Jersey, 49%!; Shell, 36%; Gulf, 15%. Standard's presence was in the form of its subsidiary Creole Petroleum Company, by far the biggest in Venezuela. Nelson Rockefeller was on its board of directors. The company also has a fleet of tankers and a major refinery in Aruba, owned by the affiliate Lago Oil and Transport Co., where much of Venezuelan oil has been processed. The companies controlled the wealth of Venezuelan under the dictatorship of Juan V. Gomez, who was allegedly paid handsomely for his support. And while the companies grew rich from running the industry that provided the country with 99% of its exports, 70% of the country was illiterate and 60% lived in stick-and-straw houses with dirt floors. In the meantime, agriculture suffered from neglect and declined sharply as well as other local industries, an exact replay of which was witnessed during the so-called "oil boom" in Nigeria during the 70s.

While I have no statistics about the Standard/Rockefeller holdings in other Latin American countries, their properties in both Bolivia and Mexico were expropriated, and indication that these holdings were substantial enough to be of influence in these nations' affairs. In Peru, a subsidiary of Standard Oil, International Petroleum Co., was a big enough force that a conflict arose with the Peru government about back taxes and royalties, a conflict that the government even discussed with the Kennedys during their heyday of power

During the 20s, the company also began operations in Colombia, carrying oil via a pipeline from the country's jungle area to the coast for export, a venture said to be profitable to both the country and the company. Exxon is currently heavily involved in a huge coal mining project at Cerrejon that requires an investment of some $3 hillion. I will reveal more about this project and its ambiguities in another chapter, where it will be shown how parties of different ideologies can describe such economic ventures in such contrasting terms that one begins to wonder whether it is possible to know the truth of such projects at all. During the late 70s, Exxon bought into the copper mining industry of Chile for $175 million. In Brazil, Exxon has been involved in a crusade against laws controlling the use of certain agrichemicals.

The family's interest in Latin America was not confined to extractive industries like oil and coal. David participated with brother Nelson in several projects in those parts, including a ranch and a financial venture in Brazil. With Laurance be worked on development schemes in the Caribbean. During pre-Castro days, Chase had heen one of the leading hanks supporting the reactionary Cuban dictatorships. David himself was director of Punta Allegre Sugar Corporation, the second largest of the US-owned sugar producers in Cuba, with sugar being the island's most important export. A.A. Berly Jr., an important Rockefeller advisor, was chairman of the board of Sucrest Corporation, the largest sugar refiner on the east coast and a customer of Chase. It is of interest to note that when the National Security Council decided to invade Cuba, five of the council's members were close friends to David.

Africa did not escape the family's attention either. As far as Exxon is concerned, their first involvement was in Libya, where they made significant oil discoveries and also bad a large plant to liquify gas for European markets. In 1981, however, the company withdrew from the country, because of deteriorating relations between the USA and Lihya. Upon receiving a report from a consultant that in what was then the Congo labour was very cheap and cotton was available for half the American price, Laurance began a partnership with some old friends as well as some Belgians, citizens of the country that had colonized that part of Africa, to found Filatures et Tissages Africains. A prefabricated mill was brought in from the USA, profits came and changed the consumption patterns of a few Congolese who had been drawn into the money economy introduced by the company. One Rockefeller associate remarked, "It was interesting to watch the changes as the women became style conscious. It seemed just like Fifth Avenue." Other investments in that country followed: in Cegeac (car distribution), Cobega (metal cans), Anacongo (pineapples), and Cico (cement). Most of these interests were sold during the early days of the country's independence.

Chase, the family hank, chased all over the world as well, often in response to changes and needs in American foreign policy. During World War II, when the American army needed them, Chase opened offices in North Africa. Though I do not have any specific information about Chase operations in Angola, they have had a significant presence there, enough to create an outrage among American conservatives. One of the Rockefeller brothers, possibly David, had said that the presence of Russian advisors and Cuhan trnops in the country had "no direct bearing on American business operations. Clearly it has not interfered with our own banking relations." Dealing with communist regimes, he is to have said, "really does not cause us (Chase) any problems at all." Of course, we have already noticed that in connection with Exxon as well.

The bank moved into South Africa, Nigeria, North and East Africa. In South Africa, Chase opened offices in Capetown, Johanneshurg and in the Transvaal, thus beginning a close relationship with apartheid that later got David into trouble. This was in 1959, one year after the UN condemned the country's racial policies. Chase joined a consortium of large banks to give South Africa revolving credit of $40 million. After the Sharpeville crisis, a large consortium was developed for even larger loans—up to $150 million. As more and more investments entered South Africa, setting off an economic boom, Chase bought major stock in Standard Bank, the biggest British hank in Africa with over 800 branches in South Africa. It was the second largest bank in the country, thus giving Chase and the family a great stake in the country's stability. Cairo also became the site of a branch. David had interests in a textile mill in what was then the Congo and in land speculations in Kenya.

Standard Bank, known as First Bank in Nigeria, is one of the two largest banks in that country. Apart from Chase' interest in First Bank, it established a subsidiary hank of its own in Nigeria known originally as Chase Merchant Bank. However, because of the Chase's policy of owning its affiliates 100%, it decided to sell this facility, since the Nigerian government owned 60%. Once sold, its name was changed to Continental Merchant Bank Nigeria Ltd. The Chase had also important interests in a textile mill. The hank had also agreed to provide Nigeria's port authority with a loan of $2.5 million. This was all quite apart from the influential role played by Standard in the country.

Another Rockefeller-controlled ban, Citibank, also has an affiliate in Nigeria, namely Nigeria International Bank Ltd., established in 1984. Citibank itself is fully owned by Citicorp, which at the time claimed to be the "world's largest privately owned financial services organization, with a network of offices in 90 countries." The bank's after-tax profit in 1988 amounted to 77,245,000 Naira, up 19 million from 1987. Clearly, it is a going concern.

Amoco

Whether anyone outside the inner Rockefeller circle knows to what extent the clan is still involved in the other Standard corporations, I do not know. I do not apologize for this lack on my part, for even corporations often have a hard time identifying their own shareholders. Regardless of the degree of continued Rockefeller involvement—I expect it to be considerable—I want to summarize a few salient facts about Standard of Indiana or, as it is now called, Amoco. The information presented will further help to create the awareness of the all-encompassing presence and involvement of these giants.

Amoco is a formidable economic power to be reckoned with. True, Exxon is considerably bigger, but Amoco for at least two years consecutively has been the USA's foremost gasoline seller. Its market share was 7.36% in 1982, that of Shell 6.8%, while Exxon came trailing in third at 6.64%. By the time we get through with Amoco, I trust that you will have developed a proper kind of respect for the kind of octopuses we call TNCs. However, as in the case with cousin Exxon and the other members of that triad, it must be realized that we are only skimming the surface of things; the full picture is practically impossible to obtain.

Like Exxon, Standard of Indiana adopted a new name: Amoco Corporation. The name itself is an acronym of American Oil Company, a company that was acquired by Indiana in 1925. In 1960, the Utah Oil Refining Co. was merged into Amoco. More and more subsidiaries throughout the world received the new tag: Amoco Chemicals, Amoco Minerals, Amoco Production, Amoco International Oil, Amoco Canada Petroleum, Amoco Fabrics, Amoco Argentina Oil, Amoco Europe and West Africa, Amoco Egypt Oil, Amoco Australia Petroleum, Amoco Foam Products. The list gives a good summary of some of the countries and products in which Amoco has become involved, though it is by no means exhaustive. The company's magazine for shareholders and employees, "*Span*," first sported the name Amoco in 1985.

Again like Exxon, from its inception, Amoco retained strong ties with the Rockefeller triad. Though Rockefeller Jr. sought to reduce his public role in the various Standard cousins, in reality he retained much of his influence and power over them, including Amoco. In fact, he was thought "by far to be the largest shareholder." The General Edocation Board, one of the Rockefeller philanthropic organization, was also a large stockholder. The company's first chief executive, W.P. Cowan, had 420 shares worth $228,000 in Exxon and 320 shares worth $172,000 in Standard of New York. Amoco received a 7% interest in Exxon through the sale of Pan American Petroleum to the latter. This purchase turned Amoco into a major shareholder of its senior cousin. Furthermore, Amoco had a seat on the board of directors of Chase.

From its inception, Amoco was an expanding corporation. By 1928, it had control over the oil products market of an area containing some 50% of all registered cars in the USA, not to speak of farm vehicles. Once it became an independent company, Amoco refused to do business with the Union Tank Car Co., the railway that was owned by the Rockefellers and that had traditionally transported all their products. Amoco set up its own. In 1921, the company acquired control over Pan American Petroleum and Transportation Co., one of the largest producers of crude in the world which had large reserves in Mexico and Venezuela as well as a tanker fleet worth $10 million in that day. In 1932, Pan American Petroleum was sold to Exxon, the Venezuelan branch of which was to become the basis of Exxon's Creole Petroleum, of which we have heard before.

As one peruses Amoco's magazine, *Span*, during the 80s, he slowly gets a picture of the corporation's empire, though there is no systematic listing of their facilities and affiliates. Apart from its market share, I have no statistics of Amoco's petrol stations scattered throughout much of the USA, though anyone driving through that country cannot help but notice their prominence. The company has/had refineries in various US locations and keeps shedding itself of some and opening up others. The company has/had refining facilities at Wood River (Ill.), Baltimore, Sugar Creek (MO), Whiting (Ind.), and Texas City. No doubt, there are many more that are simply not listed by name in *Span*.

As far as exploration and production activities are concerned, Amoco has an area of 20 miles by over 200 miles in Louisiana. Then there is their Western overthrust Belt, some 60 miles long, along the Wyoming-Utah border. The company also has a wide swath from New York to Alabama that it calls the Appalachian Basin, including areas from Pennsylvania to Tennessee. Amoco acquired several blocks in the Beaufort Sea, off Alaska. There is also an offshore area at California as well as 15 blocks about 100 miles off the New Jersey coast. We also learn about Amoco oil fields in areas covering parts of Montana, the Dakotas, Michigan, Oklahoma, Texas/New Mexico, along the Gulf Coast and Mississippi. At the end of 1983, the company bad 37.3 million acres under lease in the USA, which fact made ber the largest US leaseholder. Some of the lease areas are truly huge. For example, almost the entire southern Michigan peninsula represents a lease concession for Amoco.

As far as foreign areas of exploration and production go, the company has/had facilities in the following countries: Canada, Guatemala, Colombia, Trinidad, Argentina, Norway, Denmark, Great Britain, The Netherlands, Germany, Spain, Turkey, Morocco, Algeria, Tunisia, Egypt, Gabon, Sierra Leone, Congo, Zaire, Kenya, Tanzania Mozambique, Burundi, Madagascar, Seychelles Islands, Oman, United Arab Emirates, Japan, China, Philippines, Indonesia, Papua New Guinea, Australia, New Zealand, Tasmania. In Oman, the company has/had a 100% interest in an onshore concession of more than 12 million acres and an 85% interest in 5 million acres offshore.

Amoco Canada is/was wholly owned by Amoco Corporation and it is a giant in the country. Recently, it ranked 13th in net income among all corporations in Canada. Among oil companies, it ranked 12th in assets, 9th in revenue, 5th in net income, 10th in liquids reserves, and 6th in gas reserves. It employed about 1900 people in its petroleum operations alone. In 1988, Amoco purchased Canada's Dome Petroleum for $4.2 (US). This merger more than doubled the size of Amoco Canada and turned it into either the second or third largest petroleum company in the country. The merger also gave Amoco Canada control over Siebens Oil and Gas, Sabre Petroleum, Kaiser Resources, the Canadian assets of Mesa Petroleum and Hudson's Bay Oil and Gas. The company is now the largest producer of natural gas in Canada and the second largest producer of crude. The merger made the Amoco as a whole the largest producer and owner of natural gas reserves in North America.

In another year, Amoco's total foreign holdings in the oil industry comprised some 100 exploration ventures spread over 146 million acres distributed among 34 nations. No company could equal her large and diversified acreage. The company claimed fourth rank in worldwide oil production among American companies.

An oil company would not be an oil company if it did not participate in the chemical industry. This includes, for Amoco, various products like olefins and polyester intermediates, feedstock, purified terephthalic acids, filament carpet yarn. The company claimed at one time that it was the eighth largest producer of chemicals and related products in the USA. Amongst others, the company has/had a chemicals plant at Cooper River in South Carolina. Fibers and film intermediates are supplied to the textile industry for their synthetic products, while it also produces polyethylene and polystyrene. Amoco agreed in principle to purchase the polypropylene facilities in Texas from Gulf Oil and to sell Amoco Container and Amoco Engineered Plastics. Pure Culture, a subsidiary of Amoco Chemicals that produces yeast and other flavouring agents for the food industry, was sold to Hercules. Amoco Fabrics, another subsidiary of Amoco Chemicals, recently acquired a polypropylene fiber and yarn plant in Quebec, Canada. Amoco Fabrics operated three Canadian plants.

Another arm of Amoco is its metals industries, involving copper, molybdenum, gold and silver. There is/was a copper mine in Arizona, a molybdenum mine in Idaho and a gold mine at Detour Lake in Canada, in which the company has/had a 50% share. Cyprus Industrial Minerals, a fully-owned subsidiary of Amoco Minerals, produces calcium carbonate, talc, clay, Kaolin, barite, diatomite and limestone. One of Cyprus' operating divisions is/was Thompson, Weinman & Co., a company involved in paper industry. They also had a 30% share in a copper mine in Papua New Guinea. Though it is now sold, the company had a 63% interest in the Cyprus Anvil lead and zinc mine in Canada.

Then there is the coal industry, which in one year produced nine million tons from their seven mine complexes. The company acquired coal properties of the Harbert Corporation in Kentucky, Emerald Mine in Pennsylvania and Empire Mine in Colorado.

Though there was an economic depression during the early 80s and profits had generally gone down, this has not been the case with the oil companies, including Amoco. While other industries suffered from stagnation, Amoco reached a record high profit of $2,183,000,000, second only to big cousin Exxon. This spelled an increase of 17% over the previous year. This was achieved in spite of the fact that total revenues were $29 billion, slightly down by 2%. The company spent $4,630,000,000, a 13% increase over the previous year.

Like senior cousin Exxon, Amoco also has her investments in many other companies, but I have not found much detailed information at this front. One example is the giant American mining company Amax. Along with Selection Trust Ltd., Amoco is/was one of the two major shareholders of Amax, a company that has operations in various countries, including Canada and Australia, and which has several times been embroiled in struggles with native peoples, North American Indians and Australian Aborigines, about land rights and ecological concerns. I have no doubt that there are many investors who have shares in Amoco but who have never heard about Amax, let alone her alleged violations of native rights. Amax, in turn, has/had a subsidiary called American Metals Climax, which is/was involved in pollution problems in New Brunswick, Canada. Amax has also had to face ecological problems at her Canada Tungsten Mine in the Yukon and Northwest Territories. But whether such investors are aware of these entanglements or not, part of their income through Amoco has come from such sources and they share in the responsibility for whatever negative effects Amax has on some of the wretched of the earth or on that earth itself.

One fairly recent acquisition on the part of Amoco has been that of Solarex Corporation and its subsidiary, Semix. Amoco had a 30% interest in them, but in 1983 she bought out Solarex completely. Both companies are pioneers in the solar power field and are expected to bring down the cost of solar power drastically. Solarex was the only independent corporation left in the field of solar energy cells. Its principal competitors are/were owned by two other oil majors, namely ARCO and Exxon. Ames, a former member of the board of directors of Solarex, claimed that the public interest in solar energy had thus become dependent on the oil majors' interest in the field. Whereas Amoco's report on this new arrangement predictably emphasizes that the solar industry now profits from the larger capabilities for further research on the part of the new giant owner, the report in MM, equally predictably, emphasizes the problematic aspects associated with the take-over, namely favourite treatment of Solarex's larger shareholders and the alleged monopoly over solar energy developments on the part of the oil majors.

I have no illusions at all about the completeness of this account of Amoco. What may be true for one year, can become invalid in the next, for there is a constant on-going process of acquisitions of new assets and a shedding of others. In recent years, the company disposed of the following properties: Cyprus Anvil Mining (Canada), Hawaiian Cement, US fertilizer and pesticide marketing, three US refineries, an Italy and Australia, chemicals businesses and Cyprus Minerals. Amoco has so many facilities that it can casually report that "marginal plants have been closed" without even bothering to mention them by name. After all, what's a dozen plants to an outfit like Amoco and its like! Since the company is growing and expanding in general, even such huge dispositions seem relatively small in proportion to the whole and, I suspect, must be offset by expansion and acquisitions in other areas. It is also offset by increasing productivity, new high technology and reduction of manpower wherever possible.

Parting Comments

The world of TNCs is in constant flux. Corporations and Rockefellers are forever forging new alliances and discarding old investments. Many of the references to investments above may be outdated. Some have been dropped and new ventures embarked upon. I doubt that it is possible to get a complete picture of the activities of the triad. Nevertheless, the above gives a good description of the octopus which makes up the triad.

When you consider the fact that the account of the Rockefellers just presented is terribly incomplete—the tip of the iceberg— then you realize that there is tremendous power resident in this family. I have hardly referred to their tremendous political influence and connections. Neither have I said much about their cultural and philanthropic endeavours. But reading about them simply leaves you dizzy. All that power in one family! What was written by one J. Moody and quoted by Collier and Horowitz about the Rockefellers and their main rival, the Morgan crowd, back in 1904, remains as true as ever:

> Viewed as a whole, we find the dominating influences in the Trusts to be made up of an intricate network of large and small groups of capitalists, many allied to one another by ties of more or less importance, but all being appendages to or parts of the greater groups, which are themselves dependent on and allied with two mammoth or Rockefeller and Morgan groups. These two mammoth groups jointly... constitute the heart of the business or commercial life of the nation, the others all being the arteries which permeate in a thousand ways our whole national life, making their influence felt in every home and hamlet, yet all connected with and dependent on this great central source, the influence and policy of which dominate them all.

I do not mean to be blasphemous, but I cannot help thinking about Ps. 139, where we read about God who is everywhere and whom we cannot escape. It could almost be applied to the Rockefeller crowd:

> Where could I go to escape from you? Where could I get away from your presence? If I want up to heaven, you would be there; if I lay down in the world of the dead, you would be there. If I fled away beyond the east or lived in the farthest place in the west, you would be there to lead me, you would be there to help me. I could ask the darkness to hide me or the light round me to turn into night, but even darkness is not dark for you, and the night is as bright as the day. You created every part of me... (Psalm 139:7-13).

A rough secular but somewhat similar ditty was written about Standard of Indiana by Robert Steward, President during the early 30s:

> Standard Oil, Standard Oil,
> Turns the darkness into light;
> Makes the customers feel all right.
> Standard Oil, Standard Oil,
> Curse it, damn it,
> You can't do without it,
> Standard Oil!

chapter 3

Other Members of the Happy Family

The term "happy family" in the chapter title does not only refer to the Rockefeller clan but to the world of corporations in general. As you continne reading, you will become increasingly aware of how the various corporations are entangled with eacb other in such a way that one can only regard the entire constellation as one big, bappy and extended family. The "happy family", then, refers to corporations and their relationships to each other. You will meet the term many times as the disclosure unfolds before you.

I want to leave the Rockefeller environment and move over to a few other corporations. Even though I want to leave the Rockefellers, I am not sure I will be able to do so. I do not overtly recognize their tentacles in the members of the happy family about to be discussed, but I suspect that even there we are still within their far-flung orbit. Even if the Rockefellers are not the dominant partners, a more concentrated search would likely show at least a presence.

Internatinnal Telephone and Telegraph (ITT)

ITT is a giant in the field of telecommunications. My emphasis here will be, in addition to its home territory, on Nigeria, one of the many countries where the company is prominent. As with the Rockefeller corporations, it is not possible for me to trace the whereabouts of all the places where ITT has a presence. In many places it goes under different names and it has investments in all sorts of other endeavours that are often difficult to trace.

ITT has achieved a degree of notoriety because of its political involvements in various countries and alleged liberal use of dubious payments, not to say bribery. In fact, according to a *New York Times* article, many Americans see ITT as "a three-letter word for corporate subterfuge and raw political power." One author has called the company the "Sovereign state of ITT." *Multinational Monitor*, no lover of TNCs in general, occasionally awards distinctions to what it considers the worst companies and dubs it the "ITT Award!" Citibank has been one of the "honoured" recipients.

ITT was founded in 1920 by a Virgin Islands sugar broker, Sosthenes Behn. The name, it is alleged, was chosen deliberately to "create confusion with AT&T (American Telephone and Telegraph)." It is also said that ITT and AT&T made a secret cartel agreement by whicb they split the market, the USA being reserved for AT&T, while the rest of the world became the domain for ITT. It appears that among the first operations were telepbone ventures in Cuba, Puerto Rico and Virgin Islands. When Cuba nationalized ITT holdings, Harold Geneen, chief executive, decided that the company should, for reasons of economic safety, also invest in the USA. Over the next 20 years or so, ITT acquired various companies in "dozens of different industries." Geneen joined the company in 1959, when annual sales amounted to $800 million. Twelve years later, ITT had merged with 172 other companies in 80 countries, while it reported an annual revenue of $8 billion. A few years later, it was reported that it had 708 subsidiaries operating on six continents. By 1982, it was said to own $23 billion worth of factories, real estate, forest, coal, oil and securities—about half of it in the USA.

Major products of ITT include services in telecommunications and electronics. These are made and distributed by many subsidiaries throughout the world, most of them containing either the initials ITT or the words Standard Electric. ITT Grinnell Corporation is their major engineering arm, producing automotive parts, pipes, pumps, valves, cables and electronic components. As to consumer products and services, the following efforts are part of the ITT world. Some are owned or controlled outright, while the company has significant shares in others. But, remember, this world, too, is in constant flux, so that anything one writes is soon overtaken by new developments such as sales of subsidiaries and new mergers and other acquisitions.

Bakery—Wonder Bread, Hostess Twinkies, Sno-Balls.
Frozen foods—Morton.
Lawn-care—Scott's Turf Builder, Grass Seed.
Meat—Gwaltney Ham, Great Dogs, Genuine Smithfield.
Books—Bobbs-Merrill, Marquis Who's Who.
Soft drinks— C&C Cola.
Hotels—Sberaton.
Motels—Cleveland Motels.
Insurance—Hartford.
Land development-ITT Community Development.
Car rental— Avis.
Car parking—Apcoa.
Advertising—Transportation Displays.
Credit cards—Diner's Club.

The company also works in the areas of cosmetics and adult education aids. There are the activities in natural resources. Forest products came from Rayonier, which was for sale back in 1982 for $[illegible] billion. Coal is being mined by Carbon Industries, while there are also oil and natural gas operations.

Now the above are all in the USA, though some of these subsidiaries have foreign affiliates of their own. Sheraton Hotels are, of course, found in many countries. The same is true for Avis. ITT's Wonder Bread can also be found in Mexico "and other Third World countries." There is an ITT-Europe, said somewhere along the line to be the largest American corporation in Europe. ITT has long-standing relations with Germany that date back at least to the Nazi period. There were close relations between Hitler and ITT. In fact, it is known that ITT supplied both the Nazis and the Allies with weaponry! In Canada, ITT is a formidable force, sufficient to qualify a few years ago for $13 million of Canadian government aid given to foreign giant corporations in the country! In a recent report, the company ranked 185th by sales in Canada, 191th by assets which were worth $261,014,000, 238th by net income which stood at $3,782,000. The company's operating revenue stood at $359,246,000. It had 3,000 employees, but not a single Canadian shareholders since it has a 100% ownership by ITT of New York. Of course, it is possible that Canadians have shares in the parent company.

Probably ITT has harvested its notoriety mostly from its interference in Chilean politics. Its presence there was so awesome that President Allende complained to the UN that "ITT had driven its tentacles deep into my country and proposed to manage our political life." Allende, of course, was a Marxist. While ITT was battling against this Marxist, it also worked hard at getting a foothold in the USSR, an apparent contradiction that is best explained by the need of corporations for order and stability. Whereas both countries were ruled by Marxists, they were contrasts in terms of stability and order.

ITT is very prominent in Nigeria. Until his recent retirement, its high-profile, flamboyant executive was Alhaji M.K.O Abiola, who was Vice President for the company's operations in Nigeria and in the Middle East. In the early part of 1985, ITT Nigeria signed a contract with the Nigerian government of $516,355,229 for improving the telephone and telecommunications services in the country. The aim of the project was that Nigeria would have a viable telephone network linking 164 locations in all parts of the country to one another, and each to the outside world. The company bragged in their advertisements that they were applying the latest technology to the scheme. The first phase of the scheme at Ikere Ekiti was commissioned by President Babangida himself, while the Federal Minister of Communications, Tanko Ayuba, assured the people that from then on the people would be able to dial to any part of the country. Abiola himself promised that the new equipment would function "for many years without any problem." It is not without significance that the *National Concord*, the paper that promoted the project so vigorously, is owned by Abiola himself! A few months later, the *New Nigerian*, a newspaper supporting the political interests of a group that had felt betrayed earlier by Abiola, warned that the technology to be used was rejected in the USA, where it was developed, and had run into serious problems in Europe. The article described the fears of some Nigerian engineers that if this technology did not work in technologically advanced western countries, it would certainly create problems in Nigeria. Even the strongly Muslim character of both newspapers was not sufficient to patch over these political and technological differences. Well, we shall see. People living in Nigeria will have to see this come true before they believe it—and for good reasons! My own telephone has just been repaired after being out of order almost one and a half years and a week ago it went on the blink again!

Another prominent ITT presence in Nigeria is through its Sheraton Hotels in Lagos, the present capital, and in Abuja, the new capital under construction. Construction of another one was stopped in midstream just outside of Jos, the city where this chapter is being written. There, overlooking a beautiful scene of rocks embracing a water reservoir, its incomplete and ugly silhouette not only constitutes an eyesore, but also serves as a reminder of the cash-devouring, elite-oriented prestige projects that are supposed to become the infrastructure on which to build a tourist industry.

Abiola, ITT and the rest of his empire in Nigeria are big enough to serve as scapegoats for almost any problem that exists in the country—from urban floods after heavy tropical rains to the kiddnaping of Lagos school girls.

Abiola is a colourful figure in Nigeria. In addition to his ITT connection, he owns a string of newspapers and is a vigorous advocate of Islam. He has also played a prominent role in national politics. All these roles, though apparently under different hats, have stood ITT in good stead. It is only lack of space that prevents me from enlarging on some of these endeavours, including his "friendly" gesture of giving all members of the Constituent Assembly a calculator free. When you invest in ITT, you also invest in Nigerian politics and subsidize the propagation of Islam. I thought you might like to know.

In another part of Africa, Zimbabwe, ITT owned or controlled Standard Telepbone & Cables. It is/was owned by a British subsidiary with the same name and thus ITT's control was not very discernible. And so the story of ITT goes on in country after country....

Unilever

Unilever, or, as it is known better in some countries, Lever Brothers, is the largest food company in the world, followed by Nestle and Cargill, so that it deals with an item of which Africa is perennially short. After Shell, Unilever is the biggest non-American TNC in the world. It is said to be the oldest TNC and the one with the greatest global spread. One report has it that the corporation has more than 500 companies in some 75 countries. Unilever's own 1989 report lists 202 companies spread over 59 countries. However, this list contains only "principal" companies. Who, except Unilever itself, can tell how many "minor" companies there are and over how many countries these are spread? For example, UAC of Nigeria alone has around 30 subsidiaries, only three of which are listed in the 1989 report. Unilever's after-tax profits for 1989 was 1.1 billion pounds. It had 300,000 employees worldwide, of which more than 50% were in the South.

Since Nigeria is a special focus in this book, I want to list for you the subsidiaries of Unilever there, a hefty 28 of them recently. Again, yon are reminded of the constant flux whicb almost immediately outdates any list. An additional difficulty is that such information is less readily available in Nigeria than it would be in a Western country.

African Timber & Plywood	Niger Motors
Bordpak	Nigerian Breweries
Gottschalck	Norspin (textiles)
Guinness	G.B.Olivant
Kingsway Stores	Parmol
Lever Brothers	United Africa Co. (Holding Co.)
Lipton	UAC Technical
Manufacturers Delivery Service	Pan Electric
Greenham Plant Hire	Premier Packaging
Palm Line Agencies of Nigeria	Group Textiles
Federated Motor Industries	Tractor and Equipment
Machinery and Equipment	Electrical Materials Supplies
Technical Sales Division	Kingsway Chemists
A.J. Seward	Refrigeration and Air Conditioning

Most of these companies in themselves are important forces on their own to be reckoned with in Nigeria and some of them have their own subsidiaries in the country.

United Africa Co. (UAC), the largest of Unilever's affiliates in the country, is a genuine giant. In fact, it claims to be the biggest private company in the country. It is difficult to determine the exact relationship between UAC and Unilever. In an advertisement, UAC lists its own subsidiaries in Nigeria which considerably overlaps the one for Unilever above. Some time ago, the company registered 20,000 employees and 135,000 shareholders, including Nigerian state governments and other corporations, though another source puts the number of employees at 15,000. A recent report put current assets at close to $409,558,000.

In addition to these subsidiaries, UAC had industrial investments in the companies in Nigeria listed in Table I. We list them along with their products and their percentage of interest. The list covers only the period of 1948 to 1965 and no doubt needs updating. However, it does give a good idea of the scope of this one subsidiary of Unilever. Furthermore, when updated, it will most likely show an increase in its holdings, for that has been the clear trend for corporations throughout the world.

When estimating the relative power of such an industrial empire, it must be remembered that these are holdings in a basically non-industrial society. Though I have no statistics to prove it, I suspect that the relative power of Unilever/UAC in Nigeria is even more than that of the Rockefeller clan in the USA. At any rate, it is clear that Unilever's management in Amsterdam and London has a tremendous lever in Nigeria, the country with the tenth largest population in the world.

Lonrho

Another company with a very powerful presence in certain African countries is that of Lonrho from Great Britain. Though my information about the company is not complete, it is enough to give a fair indication of its deep tentacles in Africa and in its home country. The company has had its share of troubles and scandals that were described by Edward Heath, a former British conservative Prime Minister, as "the unpleasant and unacceptable face of capitalism." At home, Lonrho owns or owned—one can hardly

TABLE I: INDUSTRIAL INVESTMENTS OF THE UAC IN NIGERIA (1948-1965)

Name of Company	Product	UAC Share in %
African Timber and Plywood	timber and plywood	100
Nigerian Breweries (3 plants)	beer and minerals	33
Taylor Woodrow	building contractors	50
Nigerian Joinery (3 plants)	woodwork, furniture	50
Prestress	pre-stressed concrete	20
Nipol	plastic products	35

Raleigh Industries (3 plants)	cycle assembly	50
Vehicle Assembly Plant	Bedford lorries	100
Minna Farm	pigs	80
Northern Construction Co.	building contractors	30
W.A. Thread	sewing thread	20
W.A. Portland Cement	cement	10
W.A. Cold Storage	meat	100
Walls	ice cream	100
Vono Products	beds, mattresses	38
Cement Paints	cement paints	16
Guinness	stout	33
Fan Milk	re-constituted milk	?
Nigerian sugar Co.	sugar and by-products	7
Norspin	cotton yarn	53
Pye	radio assembly	50
Vitafoam	foam-rubber products	50
Kwara Tobacco	cigarettes	80
Associated Battery Manufacturers	vehicle batteries	22
Crocodile Matchets	matchets	51
Textile Printers	printed textiles	68

keep up with changes of ownership—the *Glasgow Herald* and the *Evening Times* as well as the London-based *Observer* along with 33 other weekly newspapers in Scotland. It also owns the facility that prints British postage stamps. At the time Lonrho negotiated the purchase of the *Observer*, a major British newspaper, it was allegedly clear that Roland Rowland, the owner of Lonrho, intended to place his personal stamp on the editorial policies and thus deprive it of the independence it enjoyed under the previous owners. The company ranks seventh among the world's producers of alcoholic beverages.

Though Lonrho is a major economic power in Nigeria, its name is not well known, not as well as some of its major subsidiaries. Its best known subsidiary in Nigeria is John Holt, one of the old trading companies that entered Nigeria during the late 1800s. My research assistant, Moses Salami, had never heard of Lonrho, though he and every urban Nigerian are familiar with most of its subsidiaries, for they are among the major economic entities in the country. Besides that of John Holt, specially well known are names such as West African Drug, J. Allen and Kaduna Textiles. Technically speaking, most if not all of these subsidiaries are under John Holt and only indirectly under Lonrho. Table II is a list of the Lonrho affiliates in the country.

It appears that John Holt's policy is to play down the role of Lonrho in Nigeria, for in a recent interview with C.I. Ezeh, a Deputy Managing Director, the latter referred to Lonrho only when almost forced and even then did not mention its name. Eze rejected the notion that John Holt was part of a TNC, since the subsidiary's board of directors has a majority of Nigerians who make the final decisions, according to him.

TABLE II: List nf the Lonrhn Group of Companies in Nigeria

John Holt Properties	P.S. Mandrides
African Properties	Maiduguri Oil Mills
John Holt	Nigerian Net & Twine
J. Allen	Nigerian Securities
Holt Engineering	John Holt Investment
Haco	Holts Nigerian Tanneries
Haco Plastics	Nigerian Enamelware
John Holt Shipping	Phoenix Motors
West African Drug	Pito Industries
John Holt Ruhber	Kaduna Textiles Mills
Holt's Transport	Star Motors
Niger Traders	David Whitehead & Sons

With the recent emphasis in Nigeria on agricultural development, many TNCs in the country are organizing agricultural affiliates. I have just come across an advertisement of the John Holt Agricultural Engineering Ltd, one of the youngest members spawned by the family. John Holt has recently budgeted the equivalent of $10 million for its agricultural programme. Other divisions uncovered in the papers are Bauchi Bottling Co. and Almarine, commissioned in 1989 to produce fibre boats, while John Holt has also moved into offshore fishing and poultry during that same year. Plateau Confectionery in Jos is also a subsidiary of John Holt, while the company is a significant shareholder of at least the following: Biscuit Manufacturing Co., Costain and Thomas Wyatt.

In some countries where more of the population may have become suspicious of the power of corporations, the latter try to play down their power and size. Not so in Nigeria where citizens admire bigness and power. TNCs therefore seek to gain their admiration by emphasizing the diverse areas in which they operate. John Holt recently placcd an advertisement in which the company proudly boasted: "Which Nigerian manufacturer can best help you to fishing; be beautiful; quench your thirst; get permanent light; keep cool; put the roof on; furnish the garden; and have your own two wheels?" I reproduce part of the answer because it provides us with the names of some subsidiaries not yet listed, as well as their products:

> John Holt's Yamaco can supply... noiseless, portable generators. Whilst for those with a heavier power load Holt Engineering assembles Petbow generators.... To keep you moving John Holt's Yamaha Manufacturing Nigeria...is busy assembling Yamaha Motorcycles. You will certainly be enjoying our thirst-quenchers—Pepsi-Cola, Mirinda Orange, Teen Lemonade and Kobi Soft Drinks—all bottled by John Holt's Arewa Bottlers and Bauchi Bottling Co. And all over... Nigeria our (ladies) are beautifying themselves with perfumes, cosmetics and toiletries manufactured by Haco.

As in the case of Unilever and UAC, so it is difficult to determine the exact relationships between John Holt and all the other affiliates in the country. It is not clear whether the following information covers all the affiliates listed or not. At any rate, John Holt Ltd. is described as "one of the biggest conglomerates" in Nigeria and as sucb it "is one of the firm foundations" of the Nigerian economy.

Other African countries also play host to Lonrho. Already in 1982, the company owned at least five African newspapers, including Kenya's *Sunday Standard*. It used to own *Uganda Times* as well as its printing bouse, though these were seized by Amin. Under President Obote negotiations were started to return these facilities to Lonrbo. Among the company's South African holdings is Wandrag asbestos mine and mill near Kuruman, a facility that has been cited as rundown, almost totally lacking in any health precautions and paying the lowest wages of any British company in South Africa according to British government records. Lonrbo also owns the very strategic oil pipeline through whicb the Zimbabwe government either does or did transport its oil from the Mozambique port of Beira. The facility has been a serious point of contention between the Zimbabwe government and Lonrho with regard to the price the company charged for the use of this pipeline.

Lonrho has excellent connections in various African coumtries. In Kenya, the leading director is/was one Mr. Udi Gaceega, son-in-law of President Kenyatta and nephew of a former Foreign Minister. In Zaire, the leading director is/was a cousin of the father of Mobutu, the head of state. Similarly, in Cote d'Ivoire, Lonrho's leader is/was a nephew of the bead of state, Houghet-boigny.

Enough has been said to show the deep tentacles of some TNCs in Africa, especially in Nigeria. More extensive and wider case studies would further enforce the picture, for Nigeria offers greater resistance to TNCs than do many other African countries.

chapter 4

The Direction of Things: Acuisition and Mergers

By now, I trust, you will be properly impressed with the awesome statistics associated with TNCs, with their size and their world-wide tentacles. We have also been reminded time and again that the situation is not static. Corporations change hands overnight. The direction is towards even greater size and more awesome statistics. The giants are swallowing up each other. The octopuses are embracing each other with the result that their tentacles often become impossible to identify as to who is which.

I am talking about mergers. Bergeron defines mergers as "bringing under single control enterprises that were previously independent...."

Mergers do not just happen. They are the result of careful scheming and flurries of legal activities, often in secret. As Albert Foer describes the process so well: "Behind the headlines, attorneys fly hither and thither, dropping law suits like tactical bomber squadrons, while legions of managers, accountants and brokers bivouac in boardrooms, and investors and speculators around the world cut their deals, hoping to come out winners."

Mergers and acquisitions occur in growing rapidity and involve increasingly large corporations and high finances. As you peruse the history of this development in the USA, you wonder when or whether there will be an end to it at all. Statistics vary considerably and are thus not always reliable. However, the general trend is clear enough. Foer reported that in 1975 there were 14 transactions at $100 million or more each, with only one valued at over $500 million. During the first 9 months of 1981, eight transactions took place, each of which was valued at over $1 billion. While the value of all mergers in 1980, was estimated at a total of $44.3 billion, during the first 9 months of 1981, the total number of mergers and acquisitions was 623 at a value of $60.8 billion. According to a report on Voice of America (VOA) on January 15, 1990, the total amount involved in the USA alone amounted to $60 billion in 1989. While a few years ago the public was stunned when DuPont acquired Conoco for $8 billion, in 1989 a merger involving Nahisco absorbed a whopping $25 billion, according to VOA. 1989 was a record year for Unilever: they acquired 55 new units at a total cost of 1.9 billion pounds, and they disposed of 15.

While during the 60s the tendency was for large corporations to absorb small firms, now the giants swallow up each other, leaders swallow leaders as we have already seen in the case of Exxon's Canadian affilitate Imperial purchasing Texaco Canada and Amoco acquiring Dome, both in 1988. Getty Oil cost Texaco a hefty $10.1 billion, while Standard Oil of California (Socal) paid about $13.2 billion for Gulf. The climate bas been described as one of "merger mania," while the chief actors have been compared to "corporate raiders." Though the above examples largely deal with the oil world, the merger trend is at work in all aspects of the economy.

The population of Canada being mucb smaller, the statistics of mergers are not as staggering there, but the same development is in process as we have already seen. In a special report on the Canadian economy, one reads of the "speed and aggressiveness" with which major corporations are taking over competitors or expanding in other ways. The public is warned:

> It is a process that often creates fierce hostility between the aggressors and their targets. And it is profoundly altering the economic contours of Canada. Declared William Stanbury... of the University of British Columbia: "If we are not careful, we are going to end up with a handful of corporate monsters that totally dominates the economy, wielding an enormous amount of power."

Maclean's of January 30, 1989, bas a cover article on the "Takover Fever," in which it describes how "corporate Canada is changing under a wave of hillion-dollar manoeuvres." While in 1982, there were only two mergers in excess of $100 million, that number rose to 47 by 1987.

In Canada, sucb developments often involve foreign corporations, especially American ones. The sale of Gulf Canada was a spillover of the sale of its American parent corporation. Conrad Black of Toronto not only bought out the British newspaper *Daily Telegraph*, hot he also sold the Canadian supermarket chain Dominion Stores to the American Great Atlantic & Pacific Co. of Canada. Amoco's purchase of Dome is another case in point, while Exxon's purcbase of Texaco Canada is a case of the latter changing one American parent for another, both members of the original Rockefeller empire. Tbe merger of two Canadian beer giants in 1989, Molson and Carling O'Keefe, involved an Australian firm, Elders IXL Ltd.

> (1) Some recent Japanese acquisitions in Canada are: Lumonic in Ontario by Sumitomo Heavy Industries, A news print mill in Quebec by Diashowa, 13 hotels of Vancouver's Coast Hotels by Okabe, Hong Kong Bank of Canàda building in Vancouver by Suns Enterprises, O'Doul's Hotel in Vancouver by Palio Developments Three major hotels

in Banff, four hotels in Wistler, north of Vacouver and Radium Hot Springs also of BC. (Maclean's, 20 Nov/89).

Mergers are not limited to North America, but where I am it is almost impossible to get information about such developments elsewhere, at least in Jos, Nigeria, where I reside. I did learn from Bergeron that in South Africa, for example, the same process has been going on, involving cutthroat acquisitions and resulting in monopolies in several key sectors. The winners are seven South African companies, led by Anglo-American, who, it seems, are about to gain a stranglehold on South African business. Already in 1983, these seven together reportedly owned fully 70% of the combined assets of South Africa's 100 largest companies.

Mergers are seldom peaceful affairs. It would take us too far afield to describe all the wranglings that often characterize them. Stories such as Bendix's attempted takeover of Martin Marietta and the "bitter corporate acquisition fight" involving Transmountain Pipe Line are by no means exceptional. Merger stories are reported under headings such as "An Empire Girds for a Takeover Fight" and "An Epic Battle of Knights and Pawns." Willard Mueller refers to the "shenanigans involved in many merger deals" and quotes a Wall Street banker who refers to the practise as "dirty." Another links mergers with "greed and a lust for power."

Most North Americans think that such merger investments on the part of their firms in the South are good for the latter and do not understand how they can arouse hostility and suspicion. Though at the moment Canada is open to foreign investments and is actively seeking greater Japanese participation in their economy, in the USA such Japanese activity arouses strong hostility among the people. The 1989 purchase by Japan's Sony of Columbia Pictures for $4 billion and by Mitsubishi of Rockefeller's Group, the owner of Manhattan's Rockefeller Center for $990 million has created strong emotion. The Sony purchase was opposed by 43 per cent of Americans, according to the polls. An economist in the US Department of Commerce complained bitterly, "By refusing to consume more US imports, the Japanese are getting funds from us and then using these funds to buy assets in this country. It falls under the bailiwick of not playing fair." Canadian Robert Campeau's merger fiasco in the USA that has endangered the very existence of a number of large American corporations like Allied Sotres and Federated Department Stores evoke the remark of one American shopper Cathleen Cahill, "What's happening to America? They come in here and take over businesses and then ruin them." Perhaps so, but let us remember that what is bad for the goose is also bad for the gander. Recently someone from the interior of British

Columbia told me of an American firm that bought out a local Canadian mine and then promptly closed it up.

An earlier draft of this book contained a list of the major mergers of the last decade in both the USA and Canada, including the sales price, where this was available. The reading of such a list leaves one dumbfounded not only, but also makes one wonder how few people actually control the economy and destiny of the nations. And those few people hold themselves accountable to no one, except their investors—unless, of course, they realize their responsibility to God.

Merger mania has plagued the North American economy throughout the 80s. It is now recognized as the cause of many payment problems, of shutdowns and upheavals in the workforce. Especially the Campeau debacle of 1990, according to some, may well spell the end of the spiralling mergers. It is predicted that corporate raiders will be treated with greater caution and meet up with increasing resistance in the 90s. In the meantime, great harm has been done to many unwilling participants and Board Ronm power has increased dramatically. That means hidden power without the democratic cbeck of accountability, exercised for the sake of profit, not for the good of the people.

chapter 5

Incestuous Relationships

CRISS-CROSS PATTERNS OF INVESTMENTS

Though we tend to think of the various corporations as individual entities and to see their relationships as basically competitive, the facts are very different. Besides the relationship of an affiliate to the parent corporation, there are many other relationships among corporations that are so complex and intertwining that one can justly compare the whole situation to that of an incestuous family. To be sure, there is the competitive relationship, but when the customer makes his choice between the product of one corporation or that of another, chances are very high that the final profit will end up in the same pocket, whether that of the same parent corporation or of the same shareholders.

For one thing, companies invest in each other. Below follows a breakdown of one time 23 largest stockholders of Macdonald's Corporation, the fast food chain. The order is determined by the size of the investment in descending order. Of course, in addition to these large shareholders, there are thousands of smaller ones, many of which are also companies, others individuals. You are referred to Table III.

In the battle for control of Conoco, eventually won by Du Pont, such overlapping shareholdings raised many questions in various quarters, and for good reason. The main contenders for Conoco were Du Pont, Seagram and Mobil. However, the main 36 shareholders of Conoco at the time were also listed among the biggest investors in Mobil and Du Pont. But let the figures speak for themselves (Table IV).

What it came down to was that the 34 largest holders of Du Pont also held nearly 23% of Conoco. 24 of those same 34 were also among the largest owners of Mobil stock, holding nearly 17% of the latter. A number of the shareholders of these three companies also had shares in Seagram.

For example, Citicorp held 348,800 shares in Seagram; J.P. Morgan, 177,000; US Trust, 107,275; Wells Fargo, 129,800; Harris Trust, 662,000. The implication of such crossholdings is that it was largely the same people in all the parties involved in this skirmish for control who voted for or against

TABLE III: LIST OF 23 LARGEST INVESTORS IN MACDONALD'S CORPORATION

Kroc Family Interests	Citibank NA
Morgan Guaranty Trust Co. of NY	Massachusetts Financial Services
Chase Manhattan	Mass. Financial Dev. Fund
Continental Illinois National Bank & Trust	Mass. Investors Growth
TIAA-CREF	
Kirby Family Group-Alleghany Corp.	Prudential Insurance
IDS Life Insurance	Prudential Property & Casualty
Investors Diversified Services	Union Service
IDS Mutual Funds	National Investors Corp.
Manufacturers Hanover Trust	Metropolitan Life Insurance
Bankers Trust	Sears Roebuck & Co.
Fidelity Management & Research	Allstate Insurance
Fidelity Mutual Funds	Allstate Life Insurance
Bankamerica Corp.	Allstate Enterprises Management
Marsh & McLennan Co.	Allstate Enterprises Stock Fund
Marlennan Corp	Aetna Life & Casualty & Surety
Putnam Mutual Funds	Aetna Casualty & Surety
Wisconsin Investment Bd—Public	Aetna Financial Services—Aetna Fund
Emps. Fen. Funds	First National Bank of Chicago
Mellon Bank NA	Western Electric Co. Emps. Pen. & Ohio
State Teachers Retirement system	Disability Plan System

the merger! Berkley Bedell, a member of Congress, describes such relationships between corporations as "incestuous."

A study published by the Committee on Governmental Affairs, US Senate, contains extensive data on sucb interlocking shareboldings and found that J.P. Morgan was by far the most dominant investor, having more than twice as many investments as its runner up. This bank was also shown to be the top institutional investor in 15 corporations, including RCA, IBM and Mobil.

The following is a good example of "the tangled web" as it was found in Dominican Republic: Falconbridge Nickel Mines, which had a major ferronickel mine [there], is/was 42% owned by the Canadian Superior Oil Co. a 100% subsidiary of the American Superior Oil. Falconbridge established its operations with a $180 million financial package arranged by the investment bank Dillon Read. Dillon Read bad been bought by the Becbtel Group. Becbtel's subsidiary, Bechtel Power Corp., was hired by the Dominican government to elaborate an energy futures plan.... Bechtel was the largest

TABLE IV

LIST OF MAJOR INVESTORS IN DU PONT, CONOCO AND MOBIL

SHAREHOLDERS	STOCK OWNERSHIP (SHARES)		
	Du Pont	Conoco	Mobil
Prudential Insurance	2,144,900	762,800	2,060,000
Manufacturers			
Hanover	2,005,478	1,512,616	1,389,397
J.P. Morgan & Co.	1,765,000	424,000	4,864,000
Teachers Insurance Annuity College Equities			
Retirement Fund	1,454,087	1,187,700	1,450,000
Citicorp	1,341,253	2,390,000	1,393,014
NY State Teachers	1,163,000	871,000	522,200
Retirement FundCalifornia Public Employees & Teachers			
Retirement System	992,700	1,051,300	430,000
Girard Trust	847,264	377,320	728,379
Wells Fargo	762,500	636,385	1,267,296
Provident National	741,585	473,038	616,162
Chase Manhattan Bank	627,508	501,859	2,450,438
US Steel Pension Trust	624,906	917,760	544,410
First Union Bancorp	578,748	398,289	638,711
Bankers Trust	510,314	5,629,206	13,337,329
Fidelcor	504,456	283,601	739,083
Walter E. Heller International	496,449	414,707	741,770
Batterymarch Financial	427,500	225,100	536,368
US Trust Co.	422,701	616,204	785,589
Texas Teachers Retirement System	385,200	233,700	556,884
Metropolitan Life	347,775	229,250	432,500
Ameritrust	338,082	394,822	862,525
First Pennsylvania	324,613	227,841	797,981
Bank of NY	318,541	729,291	816,563
NY City Teachers Retirement System	256,200	222,800	466,632
Harris Trust	—	742,000	915,000

member of the Peabody Holding consortia, which was the largest US coal mining concern. Peabody had a joint venture with the AMAX Corp. AMAX... had recently discovered coal in the north central region of the Dominican Republic. Another major stockholder in Peabody was the Fluor Corp., with 10% of the stock. Fluor's largest stockholder was the Canadian Imperial Bank of Commerce, which financed Falconbridge's Dominican investment and had a representative on Falconbridge's Board of Directors. Now, you try to figure out who controls whom in this clan! Or who roots for whom!

Relationships between Banks

We have seen that banks often meet each other as shareholders in the same companies. But they relate to eacb other even closer in that they virtually own or control each other. For example, the six largest New York banks are Citicorp, Chase, Manufacturers Hanover, Morgan, Chemical and Bankers Trust. Most of these banks own shares in eacb other. The total of their holdings of eacb other, following the same order in whicb they are listed above, is/was 9.51%, 5.63%, 14.91%, 8.68%, 6.01%, and 8.21%. The significance of these figures becomes apparent when it is realized that 5% ownership of a corporation is often enough to give virtual control. Furthermore, ownership of one or two percent is enough to give considerable clout. Is it still necessary to remind you that these figures continually cbange?

In the light of sucb information, you will be in a better position to judge the potential power of a bank like J.P. Morgan, the fourth largest in New York. This bank is one of the top five stockholders in at least 34 other large financial institutions in the USA. Its trust department controls 7% of Avco, a major finance company; 4% of Citicorp; 3% of Marscb & McLennan, a leading investment advisor; and 3% of Travelers, a top multiline insurance company. At the same time, Morgan supposedly competes with these corporations in financial markets. Can you really believe it?

It is thus not individual stockholders who control these banks, but the banks largely control each other. This arrangement means that there is little competition between banks and we thus miss the self-regulator that capitalists insist is the best tool to control the economy. Abrechı concludes, "Thus, these banks, which operate in the same domestic and foreign markets, have high financial stakes in eacb other and are potentially controlled or influenced by the same people they are supposedly competing with."

Though bankers argue that there are mecbanisms by which banks seek to retain a measure of competition, when the chips are down, these mechanism can be ignored. When Reliance Group, an insurance complex, sought control over Chemical Bank of New York, Chemical persuaded the other major banks to sell their trust holdings of Reliance. The result of this action was that Reliance could not raise the finances for this project.

> In view of sucb close co-operative relationships between banks, we should have no difficulty understanding W.G. Shepherd's comments: Banking relationships, therefore, embed most leading firms and banks in a strong, informal structure that resists competitive changes. This structure tends to limit competition, both in banking and in other markets. It provides capital on favorable terms to the

firms that are related to the leading banks, and so it tends to deter the entry and rise of small firms.

Loan Consortia

Still another way in which banks relate to each other is in loan consortia. When banks are called upon to provide huge loans, they often organize syndicates. According to *Times,*

> Based largely in London, the networks of leading US, West European, ... Japanese, Arab and Latin American banks arranged syndicates of hundreds of smaller banks to put together billion-dollar deals in days. This was often done simply by telephoning around and persuading lenders to take $10 million here and $15 million there.

A concrete example of such a consortium is the European-American Banking Corporation (EABC), a very powerful banking entity, that is described as

> a US-based multinational banking firm... the chief organizer of substantial credit [for South Africa], which totaled over $210 million and were provided by forty banks from the USA, Canada and Europe. With combined deposits and loans of nearly $1.1 billion,... EABC is one of the top 70 banking organizations in the US.
>
> EABC is jointly owned by six of Europe's largest banks: the Deutsche Bank, West Germany; Societe General, France; Midland Bank, Britain; Amsterdam-Rotterdam Bank NV, the Netherlands; Societe Generale de Banque S.A., Belgium and the Creditanstalt-Bankverein, Austria. It represents the link between these European financial interests and the US money market, and is one of the world's most powerful banking groups.

The EABC is a more permanent consortium with wide-ranging activities. Others are more temporary and often have a single focus, such as organizing a specific huge loan for which no single bank is able or willing to take unilateral risk.

Examples of the latter are common especially in loans to South Africa. Chase Manhattan, Citibank, Manufacturers Hanover and Morgan Guaranty joined in a $200 million loan to a South African agency. The first two of these provided a loan of $80 million to another agency in that country. Bank of America joined with Citibank and Morgan to give a loan to $110 million directly to the South African government. Still other such syndicates organized especially with reference to South Africa include consortia often involving many of the same hanks for different loans. During the course of the 80s, several such loans were made: Lloyds Bank International, Manufacturers Hanover, Chase Merchant and National Westminster for $100 million; Citihank, Chase, Manufacturers Hanover, First National of Boston, Dow Banking, Kredithank International and Hessische Landesbank joined in a loan for $50 million; Deutsche Bank Cie, Financiere Luxembourg, Commercehank International Cie Luxembourgeoise de la Dresner Bank provided a loan for $45 million.

Interlocking Directorates

Another feature to which I draw your attention is known as "interlocking directorates," which simply means that the directors of one corporation can often be found in the boardrooms of others. This feature further cements the relationships of the entire family so as to undermine effectively much of the competition that is supposed to mark the capitalist system.

Before proceeding with this discussion, however, I want to lay to rest Novak's assertion that this question of interlocking relationships is the preserve mainly of "persons of socialist temperament." I am by no means a person of such sentiment and neither are most other people in the shareholder movement.

Let me begin with a brief description of the Board of Directors of Gulf Canada. Though this company has gone the way of all flesh, the example remains valid. In one of their last annual reports, the names of the members of their Board of Directors were listed along with their memberships on the boards of other corporations. The Directors were 13 in number who, held a total of 58 directorates in other corporations. Many of the major Canadian banks and trust companies could be found amongst them: Royal Trust Co., Canadian Imperial Bank of Commerce (3), Canada Permanent Mortgage Corp., Canada Permanent Trust, Pittsburgh National Bank (American), Bank of Nova Scotia, Toronto Dominion Bank (2), and National Trust. It is also noteworthy that insurance companies were well represented: Canada Life Assurance (2), Alliance Mutual Life Insurance, Sun Life Assurance of Canada (2), Mutual Insurance Co.

In the USA, banks are almost omnipresent in the corporate world. It is said that 5% ownership of a large corporation is usually enough to give major control. A study "showed 176 separate instances involving 147 giant corporations in which just 49 hanks hold 5% or more of the common stock of the company." That is power. Rifkin

> showed banks holding a total of 768 interlocking directorships with 286 of the 500 largest industrial corporations, for an average of three

> directors per company. The same interlocking relationship existed between banks and the 50 largest merchandising, transportation, utility, and life-insurance companies as well. Again, 49 banks were found to have 73 interlocking directorships with 27 of the 50 largest transportation companies; 86... with 22 of the 50 largest utilities, and 146... with 29 of the 50 largest life-insurance companies.
>
> A case in point illustrates what real control by the banks begins to look like when pension funds, large equity holdings, major creditor leverage, and key interlocks are welded together. Pan American Airways (AA) is typical. "The Chase Manhattan Bank (at one time) held 6.7% of PAA's common stock, had an $8.5 million loan outstanding, and was a pension fund trustee; the First National City Bank had a director interlock, managed two PAA pension funds, and had a $7 million loan outstanding; Morgan had a loan to PAA of $20.5 million." In addition, all three banks had interlocking relationships with major insurance companies that were lending money to PAA.

No matter where you turn, a bank will show up somewhere in the series of directorates held by various individuals. Paul Oreffice is/was chief executive officer of Dow. He also is/was director of the European-American Bank and Trust Co., the First Bank Corp. of Midland and the Connecticut General Insurance Corp. Irving Shapiro is/was chief executive officer of Du Pont and also holds/held directorates for IBM, Citibank, Citicorp, Bank of Delaware, and Continental American Life Insurance. One cannot help wonder who is hostage to whom!

Surely the CDE people and Wright Patman, a former member of the US House Banking Committee have a strong point when they affirm

> a "startling degree of inter-locking stock ownership" between banks and other financial institutions and a high level of "self-perpetuation and self-control" in banks stemming from the control of their stock through trust departments. Such high levels of cross-ownership and self- control conflict with the assertion that financial corporations are highly competitive, as well as the idea that banks are controlled by and responsive to thousands of small stockholders.

The Japanese Cousins

There is one further point that needs to be made clear if we are to understand the world-wide tentacles of corporations and their incestuous relationships with eacb other. I have in mInd the relationships between the two corporate worlds of the West and of Japan. They are very mucb interwoven with eacb other. American-Japanese relationships as a whole bave become so important that Mike Mansfield, at the time US ambassador to Japan, falsely referred to them as "the most important bilateral relationship on earth, bar none." Within the USA, Mitsubishi is said to bave become the second largest exporter after Boeing!

For one thing, American banks bave been accused of undermining American industry and labour while supporting that of Japan. This is true especially of the steel industry. While the American steel industry was tottering on the brink of collapse, its Japanese counterpart developed rapidly, at least partly because of American bank loans banks to the six top Japanese steel companies that amounted to $2727 million. One can easily understand the complaint of American labour and industry that these banks are subsidizing the demise of their own domestic economy and creating unemployment. To add to this puzzling situation, there is the fact that though the large Japanese steel companies have very close associations with Japanese banks, the latter lend money to American steel companies!

Furthermore, Japanese industry is establishing itself in the USA. Their steel corporations are buying up some American steel plants. Nippon Steel, for example, has taken over Special Metals Corporation from Alleghany Industries. Alleghany bas sold Tube Turns to Sumitomo Metal Industries. Mitsubishi owns BanCal Tristate Corporation. Fuji Bank owns Walter E. Heller International of Chicago.

Yet another way in which Japanese corporations have become involved in the North American economy is by establishing partnersbips with American corporations. GM and Toyota, for example, bave joint ownership of a small-car plant in Fremont, California. GM of Canada has arranged for a joint car factory with Suzuki in Ingersoll, Ontario. GM is also importing cars from Suzuki and Isuzu into the USA. In 1987, Japan's Mazda opened a plant in Flat Rock, Michigan, that produces cars under the names of both Mazda and Ford. Ford owns 25% of Mazda. Ford also imports Mazda vehicles made in Mexico, while it exports jointly-made versions to South Korea. Mitsubishi has also forged an alliance with Chrysler. Clearly, *Maclean's* bas good reasons for its assertion that "the nationality of automakers has become blurred in recent years."

Mitsubishi is probably the most powerful Japanese group of companies. It is said to be involved in almost every aspect of Japanese life and to bold a monopoly on the Japanese defense industry. It has actively forged alliances with American corporations. Some of its major American investors are:

Westinghouse Electrical, Caterpillar Tractor, Monsanto, Hoechst Chemicals and Getty Oil. It is also involved in Reynolds Industries' Kentucky Fried Chicken.

Mitsui, another major Japanese conglomerate, counts among its major investors the following American corporations: Du Pont, Kimberly-Clark, Continental Carbon, Dow, Corning, Mobil, Exxon and Sperry Rand. Another major Japanese group, Sumitomo, has the following American corporations among its investors: Upjohn, 3M, GTE and Ford. The Fuyo Group has among its owners Scott Paper, Union Carbide, Mobil and Raytheon. The following have close ties with members of the Dai-ichi Kangyo Bank group: Siemens, Alcoa Alcan Aluminium, B.F. Goodrich, Oscar Meyer and Borden. Finally, Sanwa, the smallest of the large six Japanese corporations, has Borg Warner and Firestone among their investors.

Now these Japanese companies are in some way competing with each other. However, there are certain areas where they all work together through joint ventures. This means that, like the American corporations, Japanese corporations are all related to each other.

The above paragraphs show that, corporately speaking, the USA and Japan have virtually become brothers, not even mere cousins. Americans can no longer refer to the Japanese corporations as "they," for they have become "we."

Some Observatinns

Among the conclusions one can draw from this situation are:

(1) Many competing banks have overlapping interests through their investments in the various corporations. To a large degree such overlappings must outweigh their competitive relationships as well as insulate them from the so-called pure market forces which are supposed to determine the direction in capitalist economies. Already back in 1927, Irenee Deu Pont stated that it was his policy "to encourage the establishment of an esprit de corps among the country's `great corporations. " He felt that"the great corporations of the country, especially those that are leaders in business ethics and in service to the economic structure, should stand together without fear of veiled thrcats from companies which are more predatory."

Since then, Du Pont and other members of the family have so integrated themselves with each other that predation or preying on each other no longer pays—and that is language corporations understand.

(2) Financial institutions—banks, pensions, insurances, mutual funds—control a great proportion of corporations.

(3) There really is no way of investing in just one corporation. Once you invest, you invest in the entire family. Once you take out an insurance policy, you invest in many corporations without being able to determine which one. Once you take out a pension, you have no way of knowing from what sources you will eventually derive your retirement income or how it has been earned. And if you invest in a mutual fund, there really is no limit as to how far your investment reaches, small though it may be.

(4) There is therefore no possibility of a so-called "clean" investment portfolio, for you to invest in the system as a whole and cannot avoid those corporations to which you may have objections. If your investment is in a corporation you know and trust, your fellow investors will include many you do not know and to which you could have ethical or economic objections. You have entered into an alliance or economic fellowship which you will not be able to identify, let alone defend from a Christian stewardship perspective. You cannot exercise your responsibility as a Christian investor of money God has entrusted to you for the upbuilding of His Kingdom or the wholesome development of your neighbour, whether next door or on the other side of the globe.

chapter 6

Relationships with Governments

Blurring of Private and Public Sectors

One very important aspect of corporate life is that of its relationships to governments. These relationsbips are varied, of utmost importance to both, and often much more complicated than you might suspect—not to speak of their controversial nature.

Except for socialist setups, we tend to think of corporations and governments as quite separate entities, especially in countries like the USA. It is being realized more and more, however, that this distinction, often put in terms of "public" and "private" sectors, is increasingly difficult to maintain. Not only are governments and corporations increasingly closely related even in the so-called capitalist world, but one can legitimately speak of a blurring of the distinction to such a degree that their interests are merging. Charles Powers was one of the first to draw attention to this feature in the early days of the social investment movement. He wrote: "Somewhere along the way these two streams have almost merged and their identities have become blurred. ...they have come to overlap so completely that they are neither formally nor materially separable." Quoting Edward Mason, Powers continues,

> Government has sought increasingly to use the private corporations for the performance of what are essentially public functions. Private corporations, in turn, particularly in their foreign operations, continually make decisions which impinge on the public-particularly foreign-policy of government.

Even business executives agree that especially in TNCs, the line between public and private concerns has become very difficult to discern.

David Vogel, calls American corporations "the nation's large private governments." A remark that indicates one could even think of them as rivals to the public government in power and influence. Earlier chapters have shown clearly that such comments are not far from the truth. Sander Griffioen draws attention to the all-embracing kinds of decisions made by corporations. Though he feels that they are a third type of entity, neither private nor public, he agrees that the things corporations do are often of a public governmental nature. David Ewing of Harvard refers to a growing general feeling that "private industry no longer is private but is endowed with varying degrees of public responsibility." The well-known economist John Galbraith predicted that "men will look back with amusement at the pretense that once caused people to refer to [corporations] as private business."

This development is judged positively by many influential corporate leaders as well as by government officials. James Roche, a one-time Chairman of GM, has been quoted as saying that indnstry and government sbould work "not as adversaries, but as allies."

There often are very close relationships between high government officials and corporation executives. For example, during the lifetime of the Reagan administration that strongly supported arms sales, you can be sure that the close friendship that existed between Reagan and Thomas Jones, a chief executive of Northrop, a major arms manufacturer, could hardly damage that firm's chances for getting some fat contracts both at bome and abroad. Comments John Pike, "As in so many other industries, the fortunes of Northrop may rest on baving close friends in high places."

Switching Employment

Important relationships can be formed wben corporation executives accept high government posts. Reagan's Secretary of State, George Shultz, came from Becbtel, a giant construction TNC with large contracts in Saudi Arabia. Shultz, while still in Bechtel, advocated that the US government must avoid every action that might impair the ability of American TNCs to deliver the goods abroad. President George Bush, prior to taking national office, was a director of Eli Lilly, the seventh largest US drug company. He also owned $145,000 of Eli Lilly's stock. He was sent by President Reagan to support the pharmaceutical industry when they met obstacles in Bangladesh. Frank Carlucci is a former Deputy Secretary of Defense and Deputy Director of the CIA, who later became the president of Sears World Trade Inc. He was chosen by Schultz to chair a commission to study ways to integrate US development and policies with strategic objectives.

In the area of agribusiness there bas also been some significant traffic between government and corporations. Former Assistant Secretary Clarence Palmby was in charge of the huge sales of grains to the USSR during the 70s. After the deal was made, he soon joined Continental Grain, America's second largest grain exporter, as vice president for market planning and development. That his intimate knowledge of one of history's largest grain transactions would be of benefit to his new employer can hardly be doubted.

His replacement in the government used to be associate director of research for an affiliate of Cook Industries. Other officials connected with the same wheat sales agency either came from or went to corporations involved in agribusiness, including Bunge Corporation and Louis Dreyfus corporation, whicb handled a 500,000 ton shipment of American wheat to China. Former Secretary of Agriculture, Earl Butz, had many ties with agribusiness. He had associations with Ralston Purina, Stokely-Van Camp, International Minerals and Chemical and J.I. Case, all of which are giants in that sector.

Of course, such movements take place in many countries. Ibrahim Bashir's remarkable dissertation on business in Kano, the economic bub of northern Nigeria, shows how mucb traffic there has been between business and government in Kano state:

> Alhaji Amino Dantata, for example, was the Kano State Commissioner for Trade, Industry and Conperatives from 1972 to the late 1970s. Industrial development policies and incentives were, therefore, formulated and administered by his Ministry when be was also an industrial entrepreneur. Similarly, when be was the Executive Director of the Nigerian Industrial Development Bank in the 1960s, he was also a parliamentarian and an entrepreneur.

Bashir concludes, "There bave been and still are many cases of such duality of roles among the Kano entrepreneurs." No wonder that Dantata Brothers has become one of the largest indigenous business organization in northern Nigeria.

It is thus a two-way street. Government officials end up serving corporations and vice versa. A report on the American Food and Drug Administration (FDA) states the following:

> There are numerous law firms in Washington D.C. with divisions of highly trained lawyers, experts in sucb specialities as anti-trust legislation and FDA regulations, whicb represent their clients before government agencies. Many of these lawyers have worked in the agencies which regulate their clients. In fact, the regular exchange of executives between corporations and regulatory agencies sometimes gives the impression that the government is in the business of training future corporate board members and executives. ...the House Intergovernmental Relations subcommittee found that of 49 high ranking FDA officials wbo had recently resigned, 37 joined firms that the FDA regulates or became consultants to them.

Exxon's Canadian affiliate, Imperial Oil, is not behind in these matters.

In addition to a having a fulltime lobbyist in Ottawa, they placed one of their former executives who was high up in the ranks of the ruling Conservative Party on retainer. And just in case the party should lose the next election, the company also hired a former press secretary to John Turner, the leader of the opposition, as a public affairs aide.

In view of the potential for abuse in such situations, one is not surprised at demands in some countries that former employees of TNCs should have no place in the government. Such people, according to Albaji M. S. Umoru, a Vice President of the Manufacturers Association of Nigeria, should not be given the chance to advise the government, for they cannot be trusted.

Rnle nf American Embassies

American embassies extend vital aid and support to American corporations abroad, especially under Reagan's administration. The following report presents the picture:

> As the Reagan Administration works to promote American business abroad..., an increasingly active role will be played by US embassies overseas.
>
> Ambassadors bave been urged in telegrams from the President and members of the Senate Export Caucus, a bipartisan group devoted to promotion and sale of US goods abroad, to involve themselves "personally in leading the US commercial effort."
>
> The Commerce Dept. is also establishing new traaining programs for commercial attaches and assistants including a marketing correspondence course. ...the program will equip these embassy officials "to be far more responsive to American business overseas," according to William Tatge of the State Department....

George Landau, a career American diplomat in Latin American affairs, addressed a major conference of American businessmen in that region with these words: "One of the highest priorities an ambassador has is the support of the business sector in the host country and the business interests of the US abroad." The embassies are used to inform American corporations of new political developments. They also bring corporations together to share problems and their solutions in any given country.

At the same meeting it also became clear how such diplomats use scare tactics to prevent a corporation from investing in a country against the will of the US government. US peddlers of military goods can count on the support of their embassies abroad. A cable from former Undersecretary of

State James Buckley to all US embassies abroad instructed them to treat arms sales as of utmost importance to American security. They were to act as consultants to American corporations selling such wares, to give guidance and to arrange appointments for them with local government officials, reversal of US policy under Carter.

The following report is a concrete example of how US embassies aid their corporations abroad:

> Diplomatic cables obtained by Nautilus Pacific Action Researcb Center show that the US embassy in Seoul passed on corporate intelligence to several US companies.
>
> A 1968 cable...from US Ambassador William Porter to the State Department reads: "Korea Electric Co. recently received letter dated August 12 from Nuclear Power Group..., Cheshire, England, stating readiness to offer finances and supply complete nuclear power plant of 600 to 625 MW on turnkey basis... UK firm offered to send top level team around September 5 and be prepared to negotiate contract... Embassy suggests that above information re- nuclear power group offer be passed to IGE, Westinghouse, and Combustion Engineering Corp."

The British never did get the contract in South Korea.

This story is only one earlier example of similar instances that occur repeatedly. When South Korea first entered the market for nuclear energy, Westinghouse and the emhassy cooperated in the company's getting a large loan from the US government Exim Bank. The US government threatened to pull out of South Korea if Westinghouse did not get the nuclear contract. President Carter became personally involved in the effort to ensure American contracts in the new Korean nuclear market. One can readily understand the praise one Westinghouse executive bad for the US embassy in South Korea: "That's been the greatest embassy of all the embassies around the world in supporting businesses." When Control Data was embroiled in some problems concerning female employees, some church officials commented that in the eyes of Koreans there is no difference or distinction between the US government and the company. One writer comments that the embassy in Seoul acts more like a chamber of commerce than a government institution.

At one time, South Korea announced the purchase of 500,000 tons of rice from Japan. Representatives of the US rice industry came to negotiate with the Korean government about the matter and they were accompanied by a congressman from Louisiana, a rice-growing area. Their message was: we give you military aid; you buy our rice. Japan lost the deal.

The American government is reported to have supported American TNCs in South Korea in the following ways:

(1) The government Exim bank has given loans to Korea to purchase nuclear reactors from TNCs who could no longer sell them at home.

(2) By supporting a military government through aid and the military, the US provides a security shield for their TNCs, such as Bechtel, Westinghouse, GM, Cargill, AT&T and others.

(3) By the linking of US loans to military commitments, an unstated pressure is exerted on Korea that gives American TNCs a special leverage in the country.

Given the corporate connections of former Vice President Bush, one is not surprised that the American ambassador in Bangladesh was ordered to intervene on behalf of the pharmaceutical TNCs in the country when its government was preparing legislation that threatened to reduce their profits. In another dispute between Bangladesh and MOI Enterprises of Oregon, a company that was exporting monkeys from Bangladesh to the US for research purposes, again the local embassy as well as other formidable US government personalities intervened on behalf of the company, the embassy even threatening a cut off of US aid to the country.

The same embassy services have been available to the American business community in Nigeria:

> The embassy in Lagos will turn handsprings for you, will see that your letters get to the right Nigerian office, will take messages for you, will open doors. Under Ambassador Donald Easum, it is one of the hardest-working embassies on behalf of US business that *Forbes* has ever seen.

And that is the way the US Department of Commerce wants it, according to David Andresen, a one-time American diplomat in Nigeria.

American Wars of Intervention

There are many other ways in which the US government provides aid to American TNCs and more instances than I can possibly list. However, there is one form of aid that I feel compelled to mention, for it reveals an aspect of American history and foreign policy that few Americans are aware of. I refer to the history of numerous American invasions of Southern countries on behalf of American business and other American interests. Between 1898 and 1920, American troops landed 20 times in various Central American nations. Another report has it that as early as the 1870s, the US military acted to assure markets for US wheat. The Marines had intervened in Korea, China, Nicaragua, Brazil, Mexico, Venezuela and even the Congo in order to establish an "open door" policy for US exports and treaties....

Another writer in the same publication wrote:

> US militaristic intervention for trade purposes began when US troops were sent to Samoa in 1978. This policy inevitably led to military involvement. Following this, US aided the Europeans in Morocco in 1880, entered Korea in 1882, the Congo in 1883, took over Hawaii between 1886 and 1893, entered Venezuela and Brazil between 1893 and 1899, took over Cuba and the Philippines in 1899, and entered China in 1900. A number of such interventions were to secure sugar rights for US companies, but they also were done to protect markets for US grain.

Frankly, I was not so sure of the sources from which I learned of these invasions. I have spent some nine years in the USA, mostly as a foreign student, but I had never heard of them. My American friends do not seem to know about these invasions either. Even an American secondary school teacher of American history had to do some thinking before he could point me to another source, which I then gratefully consulted. As one studies Thomas A Bailey's *A Diplomatic History of the American People*, a large tome of a book with innumerable details, he finds that this more objective study fully supports the facts of these invasions as well as the economic motive behind them. It would take us too far to buttress every claim in the above paragraphs one for one, but the following summary provides a bit of the imperial flavour that America always disavows:

> In a little over two years, the new major power (USA) established a protectorate over Cuba, annexed Hawaii, secured a definitive title to American Samoa, and acquired Puerto Rico, the Philippines, Guam, and Wake.

The same anthor writes of "wholesale landings of Marines in the Caribbean," which he called a "Yankee lake:"

Puerto Rico... fell to American invaders in 1898. Cuba became a protectorate..., after which there were repeated troop landings. Panama... was born a puppet in 1903.... Bankrupt Santo Domingo submitted to a financial receivership in 1905.. A major intervention hy the Marines followed in 1916. The plight of Nicaragua was essentially the same: a financial protectorate in 1911, and American troops later.

> The pattern became a habit for the US. Later, the need for markets for military goods called up the same reaction. After the Korean war, a former US Secretary of State, Dean Acheson, admitted that the war "was pursued mainly to increase domestic defense spending."

The Puppet State Theory

In view of such relationships, it is no wonder that some critics consider governments of capitalistic countries as the political instruments of corporations. Friedrich Engels, friend of Karl Marx, was one of the first to so regard these government: "The modern state... is essentially a capitalist machine, the state of the capitalists...." Michael Harrington wrote:

> the capitalist state is... the junior partner in the governmental-corporate alliance, because ultimately its progress, health and political survival depend on corporate decisions. And just in case you didn't know about this fact of life, the Wall Street Journal's editorial page and a leading banker...in an interview [in] The Times told Jimmy Carter what the score was: if you start messing around with these social programs, we won't invest and you won't recover.

A.B. Ahmed asserts that over against those who think of TNCs as agents of imperialistic governments, they are their masters. When President Carter announced that his government would not shrink back from using force to ensure the availability of Middle East oil, it was, asserts Ahmed, not Carter speaking hut the oil companies. This sounds ominous in September, 1990, when the world's eyes are riveted on the crisis around Kuwait.

This "puppet state" theory could help account for the occasions in which American TNCs ignore the will of their government, even that of Reagan. TNCs, for example, not infrequently do business with the perceived enemies of the US government and often get away with it, though they may be called on the carpet. One reads of the time back in 1939 when Texaco, against the American neutrality laws, secretly supplied oil to Franco in the Spanish Civil War. There were also the secret research agreements between... Exxon and the Nazi combine I.G. Farben. And there was the case of ITT, which was arming both the Nazis and the Allies during World War II.

During Zimbabwe's struggle against its white settlers, the British Navy was hlockading oil supplies to the country, but simultaneously British Petroleum and Shell were providing the white government with half their oil supplies via intermediaries in neighbouring countries. In 1981, relations between the USA and Libya deteriorated to such an extent that the US government wanted their oil companies to leave the country. Exxon withdrew, but Mobil only ceased production and said it was evaluating the situation. Occidental was quoted as saying it had no intentions to pack up. While tensions were building up between Washington and Grenada, Holiday Inn, the largest foreign investor on the island, invested $2.5 million to rebuild its botel. The economic base of that hotel was to be the new airport under construction that would serve as a base for Soviet and Cuban planes! The investment was administered by Holiday Inns of Canada.

TNCs have not infrequently in the past dealt with the Soviet Union against the wishes of the US government. Ruhrgas is a giant German utility corporation, one quarter of which is owned by the Exxon, Mobil and Texaco. Reagan pressured the West German government to prevent Ruhrgas from continuing its negotiations with the USSR about a pipeline from that country to Western Europe, but he was unsuccessful. This issue became a serious bone of contention with the Reagan administration. Lawrence Brady, a former Assistant Secretary of Commerce, warned, "In effect the USSR has created a veritable Soviet lobby in Western business and government circles that can facilitate the implementation of its objectives." He even quoted Lenin, who predicted that capitalists would gladly sell the rope with whicb they would be hung. According to the U.S. government, some of the products sold are strategic. They can and in fact occasionally have been transformed into military equipment. IBM is said to have been one of the culprits. Its products are said to have been used during the invasion of Afghanistan. Others who allegedly have had their products imported into the USSR include Sperry-Univac, Dresser and Data General.

Though these and other corporations have apparently felt free to sell to the USSR parts of the noose, the US government consequently banned the sales of high-technology products to that country. The ban cost Caterpillar an $80 million contract. GE lost a contract of $174 million. Both contracts were related to the pipeline.

Sucb maneuvers indicate that the government is not quite the toothless junior partner that critics have alleged. This trend also illustrates that there is more than an element of truth to Thomas Jefferson's statement that merchants have no country of their own. Wherever they may be they have no ties with the soil. All they are interested in is the source of their profits.

Pnlitical and "Other" Cnntributinns

Another way in which corporations try to exert their influence is through political contributions to the campaigns of politicians or to political parties. It is a deep-seated tradition in the corporate world, both within the USA as well as abroad. The following comments by Walter Owensby will serve as a good introduction to the subject:

> Most Americans knew deep in their bearts... that tampering with the political process was a common part of big business. Yet the magnitude of recent revelations startled even the already cynical. For one thing, it is not just the likes of local contractors or Mafia fronts that are involved. Companies that have already confessed to making illegal political contributions and/or outright bribes sound like a Who's Who of the Fortune 500—Gulf, Exxon Mobil, Lockheed, Reynolds Industries, 3M, ITT, Goodyear, Braniff, Ashland Oil, Carnation, Philips Petroleum, American Airlines, Greyhound, and Northrop, to name just a few.

The amounts of money involved is startling. According to various reports, Gulf Oil, before its demise, had a political slusb fund for over 13 years of $9.6 million in a Nassau subsidiary. Lockheed contributed $22 million in political payments; ITT, $2.8 million. United Brands paid $1.25 million to the Honduran Head of State. Exxon paid out $46 million in Italy. Exxon also gave $86,000 to the Italian Communist party! In addition, it made political contributions in Canada and at least one other country.

Again according to various report, a number of pharmaceuticals (corporations manufacturing and/or distributing medical supplies) were involved in a price-fixing suit, but the Senate Judiciary Committee has been working on legislation that would make it more difficult to obtain a conviction. The Committee was headed by Senator Strom Thurmond. George Riley reports that the political action committees (PACs) of American Cyanamid, Upjohn, Bristol Myers, and Pfizer, have in the past made $15,000 in political contributions to members of the Senate Judiciary Committee. Senator Thurmond received $2,750 from Pfizer and $900 from Bristol Myers. The legal ceiling for sucb contributions was $5,000.

In South Korea, Gulf and Caltex bave admitted to paying former President Park over $7 million for his election campaign. GM admitted to paying $250,000 in addition to $225,000 to the South Korean Defense Fund, an organization that raises "voluntary contributions" for defense. The company has also made sizable contributions to political parties in Canada. ITT was involved in an anti-trust procedure, but it was resolved in favour of the company after it had made a $400,000 contribution to the Republican Party, according to Jack Anderson, a well-known columnist in the USA. ITT also is alleged to bave sought to influence the National Party of Nigeria through "an agent," most likely Abiola, by the payment of millions of dollars, as well as government officials in Iran, Indonesia, Algeria, Mexico, Italy, Turkey, Chile and the Philippines. The article in which the ITT information is found talks about bribes instead of political payments And indeed, the line between them is very thin, though the distinction does exist at least in American law.

You may be wondering how sucb payments are made, for obviously both givers and receivers would often wish to keep them secret. The following paragraph should satisfy this point of curiosity:

> To disguise, or "launder," the use of corporate funds as campaign contributions, the companies most frequently resorted to channeling the money through foreign operations and distributing it in cash. American Airlines ran its $55,000 contribution through the Swiss bank account of a Lebanese agent and charged it off as a "special commission" in connection with the sale of "used aircraft to Middle East Airlines." 3M, whicb gave the Nixon fund $30,000, laundered its money through a Swiss attorney wbo submitted false billings for his services. Goodyear Tire and Rubber used an account maintained in a Swiss bank for rebates received from foreign manufacturers buying Goodyear supplies. Braniff Airways made a bogus payment to an agent in Panama to arrange its $40,000 illegal contribution to the Nixon campaign. The $100,000 Gulf Oil contribution to the Nixon campaign was arranged through a Gulf subsidiary in the Bahamas and charged to the firm's "miscellaneous expense account." Ashland Oil used an oil-drilling subsidiary in Gabon to launder its $100,000 contribution. American Ship Building Co. and its chairman George M. Steinbrenner III, admitted arranging various contributions through illegal schemes that included giving fictitious bonuses to loyal employees along with lists of committees to whicb they should make donation....

The writer of the above, Herbert E. Alexander, a specialist in the use of money in American politics, continues his revelations. He writes of "longstanding secret political funds maintained by corporations and illegally financed with corporate funds." Claude Wild, a lobbyist in Washington for Gulf Oil, revealed be had an annual $200,000 available for political purposes. Recipients are said to have included Lyndon B. Johnson and Jimmy Carter.

Political payments can be legal under conditions I need not discuss here but it is not for me to determine which of the above cases were within that boundary. In 1984, the Bank of America gave $100,000 to the Democrats. Banks in Dallas gave the Republicans $300,000 for their convention in that city. Other major donors were Crocker National Bank, Becbtel, Chevron and Diamond Shamrock, chipping in $75,000 to $100,000 each for the Democratic convention. These, and similar payments made by many other corporations that year, apparently were all legal. During 1982, in the midst of the battle for oil deregulation, big oil companies had given more than $4.3 million to Congressional candidates by October. They were expected to surpass the record of $6 million reached in 1980. At least five oil corporations spent more than $100,000: LTV Corporation, Dow, Dallas Energy, Louisiana Energy, Tenneco and Amoco.

Of course, corporations are not political charities. When they give to parties and politicians they have their own aims. Fred Radewagen, director of governmental and political participation programmes for the US Chamber of Commerce, advised that PACs should contribute "to worthy challengers who, given adequate financing, might be able to unseat nonbusiness-oriented incumbents...." Thomas Pierpan of Acacia Mutual Life Insurance is to have said that to protect the interests of the insurance industry, his company gives only to members who are on committees dealing with insurance issues and to no one else. Obviously, that is the main reason for most political contributions. Their effect can be very real and yet unseen in that contributions have occasionally prevented issues from seeing the daylight. Not infrequently special interest groups through their donations ensure that certain issues never come up for a vote.

And yet, in spite of all these powerful ways in which corporations influence governments, particularly the US government, it cannot be said that the government is merely their puppet. The puppet state theory can hardly account for what many corporations ardently detest, namely the various regulatory bodies set up by the US government to control corporate behaviour as well as various laws the application of whicb is the business of these regulatory bodies. The views that governments effectively control TNCs as well as that governments are mere puppets in the hand of corporations are both

> overstatements whicb capture the reality of TNC power and of inherent conflict between broad territorially bounded and narrow globally mobile institutions at the expense of failing to see the limits of TNCs and the complexity of state-TNC relationships.

Government Regulations

During the course of his brief history of how the US government has become involved in corporate affairs, Powers mentions the government's "slow efforts to become the visible hand controlling the deleterious effects of the increasingly powerful factions in the economic sphere." The "government found itself slowly drawn into the economic sphere—first as promoter and then as regulator—in order to allow the functions of both sectors to be fulfilled...." I would add parenthetically that in addition to its functions as promoter and regulator, the government also became customer, especially in the area of armaments. We have already seen something of the government's role as promoter.

Though we will learn more about this role in Part II, we need to be more aware of the government's role as regulator. Powers has already indicated the reason the government began to serve in that function: corporations, as they increased in size and power, began to exert all sorts of negative influences on the society, but were helpless without the input of government and its restraining powers. So various regulatory bodies were established as the years went by. However, Galbraith observed in 1955:

> Regulatory bodies, like the people who comprise them, have a marked life-cycle. In youth they are vigorous, aggressive, evangelistic, and even intolerant. Later they mellow, and in old age—after a matter of 10 or 15 years—they become, with some exceptions, either an arm of the industry they are regulating or senile.

We have seen some of the reasons such agencies become almost representatives of the corporations in the aforegoing, but we should not draw the conclusion that therefore government and its agencies is a toothless bulldog in the face of corporations. In spite of all the obstacles that corporations construct to shield themselves from government interference, such interference does exist and has an effect, enough to convince corporations it is wise to spend millions on political payments and other forms of lobbying. Issues such as regulation or deregulation in various industries are well known to many of us—deregulation of oil prices and deregulation of airlines are famous examples. Anti-trust regulations have had profound effect on the corporate world, with the breakup of AT&T being only the most recent and far-reaching example. Corporations have long squirmed under various forms of regulation and have spent millions to be freed from them. Other areas in which governments have imposed controls are consumer protection and emissions control. We will come across a number of regulatory agencies as we continue, such as the Security Exchange Commission (SEC), the Environmental Protection Agency (EPA), and the Food and Drug Administration (FDA). These agencies may not be free from corporate influence; they may be subject to all sorts of pressures; but they do represent a restraining force of sufficient strength on corporations that many corporate executives dislike them and will go to great length to bypass them or influence them directly or indirectly. David Vogel comments, Mainstream corporate opinion has become highly critical of government regulation. It is blamed for promoting inflation, retarding technological innovation, reducing productivity, and increasing economic concentration.

Succeeding administrations make a difference: the emphasis of the Carter regime was more on control, while that of Reagan's is on deregulation. Corporations influence them all, but one administration resists them more than others.

In summarizing the upshot of this chapter, I would emphasize the tremendous influence corporations and governments have on each other. Although I would not consider the American government as merely the junior partner of the corporate world, there is no doubt that corporations have much more influence on that government and its individual high officials then is healthy for the nation—or for the world.

PART II

The Shadow Side of Transnationals

chapter 7

Introduction

The intention of Part I has been to introduce you to various aspects of TNCs. Through most of it, I have sought to repress overt criticism, though for those reading between the lines a basic scepticism underlying much of it did oot escape your ootice. The purpose of Part II is much more overtly critical. It is to describe and illustrate some of the problems people have with TNCs. I will do so by bringing in many specific examples, so that the problems will become more concrete for you. I noted that opinions regarding TNCs range from those who see them as divine incarnation to those who consider them instruments of the devil or even his personification. Part II is concerned with the opinions of those who see TNCs more on the side of the devil than of God. This sectioo gives reign to those who continually berate TNCs with such uncomplimentary titles as "imperialist oligopolies," "sharks," "imperialist cartels" and "exploitative and subversive agents of underdevelopmeot."

Many Christians and churches, especially in the West, invest in TNCs without seriously enquiring as to their net effect upon society. Having been raised in a culture that takes for granted the capitalist ootion of the "invisible hand," they assume that TNCs must constitute blessings. As a matter of fact, these TNCs evoke bitterness, hatred and frustration in the hearts especially of the socially cooscious citizeos of the South, the very peoples to whom these Western churches send their missionaries, including myself. How do you think such people will evaluate the Gospel brought in that context? This book challenges you to think seriously about that questioo. **Of course, if you do not care how people in the South look at your missionaries and the churches that send them, well, then you may as well quit reading. But I can hardly imagine people who generously support missionaries and pray for them not to be interested in that question!**

I am deliberately running ahead of myself in order to remind you that this study is basically motivated by missionary concerns. An isolated reading of

Part II could lead you to forget this missionary dimension. I am an orthodox Reformed missionary and theologian deeply concerned with contradictions in the Christian community that stand in the way of spreading the Gospel. How can the people in the South be expected to accept the Gospel from those who invest in the very TNCs that cause so much bitterness and frustration?

If Western Christians do not see the connection, the same cannot be said about those to whom they send their missionaries. Socially conscious citizens of the host countries remember only too well how missionaries and other Christians supported the capitalist colonial effort and they see the same with respect to the post-colonial TNC culture.

The purpose of the recitation of criticisms of TNCs below is to alert Western Christians to the contradictions between their economic style and their mission in this world. During a recent tour of Canada, the focus of my preaching and lecturing was in this area of concern. It became clear to me that very few members of my audience, which consisted largely of Christian Reformed congregations, had any idea of sucb contradictions. Many resented having these matters brought to their attention and would pass me off as some leftist radical. One churcb that prides itself on being staunchly Reformed withdrew an invitation for me to preacb on the basis of rumours that I was preaching against capitalism instead of presenting a missionary challenge! It is exceedingly difficult for Western Christians, including those who insist that the Bible has relevance for all of life and those who insist that the Kingdom of God also covers our economic behaviour, to understand that in the minds of their socially conscious hosts Western foreign policies are seen as a whole. When they observe that the sending constituencies of missionaries almost invariably support forces that Africa recognizes as oppressive and imperialist, what conclusions would yon expect them to draw from the missionary? So, you Western Christian, tune in to this discussion in order to learn how others see you and why not a few regard the missionary programme of your church with a spirit of disdain. Those wbo do so are not the peasants, who have little input in national affairs, but members of the elite and powerful, many of which receive their university education at the feet of Marxist lecturers.

This discussion, however, is not addressed only to Western Christians. There are many Christians among the elite of the South who participate wholeheartedly in the TNCs that bring so much frustration to others. These are dedicated Christians whose financial resources are tapped without letup by their churches and who often give generously. However, these are also Christians who have imbibed the Gospel as it has been brought by their missionaries, a Gospel that frequently was presented both explicitly and implicitly as bolstering capitalist tenets. These Christians have not been equipped with the spiritual tools required for a Christian evaluation of economic activities. They are not infrequently berated as "compradors" of the TNCs with which they are affiliated, that is, influential citizens of bost countries that for their own selfish reasons belp TNCs get a foothold in their own country and defend their interests. It is also for their benefit that I present these materials so that they not only become aware of their contradiction, but that they also may be better equipped to devote their considerable energy, wealth and influence to the liberation of their own people from spiritual, economic and political bondage. They are often blinded by an ideology that has combined a dualistic Gospel with a capitalist framework in such a way that they unwittingly have become part of the problems of their countries rather than the solutions. This situation has often arisen without any malice, evil intentions or awareness on their part.

Let me give a concrete example from Nigeria. In 1980, at least 380 farmers in Bakalori, Sokoto State, were killed when they opposed the development of a large irrigation scheme carried out by the Italian TNC Fiat, possibly best known for her cars. The peasants were to be removed from their villages and farms and were to receive compensation. Aware of how difficult it is to receive the actual compensation due to them, they refused to move. On April 26, 1980, armed anti-riot policeman invaded the village early in the morning, before the villagers had arisen, and ended up killing men, women and children indiscriminately. A Nigerian Evangelical capitalist friend of mine who himself was involved in similar projects in another part of the country, impatiently brushed the incident aside as a bad mistake that had nothing to do with the economic and political undergirding of the project itself. He is an upright man who has always been one of the first to be released when successive Nigerian governments institute probes in the policies and behaviour of highly-placed civil servants and politicians. There simply was nothing in his Evangelical/capitalist ideology that would encourage him to engage in a critical structural analysis of the incident.

I am deeply aware of the risk I am incurring by the publication of this material, but my conscience does not allow me to hide these issues. My keeping silent on this issue would be tantamount to suppressing the leading of the Holy Spirit in my life and to abort the mission to whicb God has called me. My own denomination has a strong emphasis on Kingdom theology that has taken root deep down in my heart. Yet the implications of this theology for economics and mission tend to be resisted by strong forces within the church. However, what I write comes straight from that tradition. The denomination in which I was baptized, one of the Reformed churches in The

Netherlands, was born in a struggle for economic, political, educational, cultural and religious freedom. Its founder, Abraham Kuyper, was an early forerunner and practictioner of radical liberation theology within the Reformed tradition. Those aspects of my heritage have taken deep roots in my soul and can be suppressed only by my resisting the leading of the Spirit of God in my heart. It is as if Nicholas Wolterstorff has beard the innermost cries of my heart when he referred to his own "profound discontent over my tradition's loss of its radicalism." His question is mine: "Why has it become so quiescently—sometimes even oppressively—conservative?"

I am now ready to discuss with you problems people have with TNCs. These problems are sometimes more acute in the home country, sometimes more in the host country. Often they are acute in both. The reasons the problems are often more acute in Southern host countries include the following:

1. The economies of Southern countries are more fragile than those of the West and thus cannot as easily absorb some of the problems.

2. The population of the Southern countries is more vulnerable and psychologically, politically and spiritually less capable of fending for their rights.

3. Though TNCs everywhere tend to be in league with powerful politicians, their hold on Southern politicians is potentially greater than on their Western counterparts, again, because in the South they feel they must make hay when they can. Hence, there is less protective legislation in the South. If this reason is not immediately clear at this point, continued reading will clarify it for you.

So, read on but, in order not to get lost in the details, remember the basic missionary motivation that lies behind this enterprise. Do not forget the forest by losing yourself among the trees that lie ahead.

chapter 8

Advertising and Marketing Techniques

Apart, perhaps, from the products themselves, as a member of the public you are more often exposed to the advertisements of corporations than to any other aspect of their existence. You may not work for a corporation; you may resist buying their products; you can hardly avoid their advertising. I want to examine that with you, along with some other marketing techniques.

Competition

Advertising is the main method by which firms compete with each other. Giant corporations "do not compete like vegetable hawkers, each cutting prices to lure away customers from competitors." Advertising and image building have replaced such tactics, according to Heilbroner. "Project Business," an educational programme of Junior Achievement, an American business organization that teaches business to junior high school students, places the subject advertising under the larger heading of competition. It describes advertising as "a source of information for consumers. It lets them know what is available" and calls it "an aid to competition." The rest of this chapter will help you decide whether the above is a fair description of advertising.

Seduction of the Consumer

If you are an average consumer, you may be surprised at how forcefully critics of advertising can state their case. One such critic is Onimode of the University of Ibadan, Nigeria, who categorically condemns advertising in Nigeria:

> The barrage of advertisements for baby-food, detergent, cement, textiles, tooth-paste and the like merely waste scarce resources without providing any useful information or service—rather, they mislead consumers and cultivate wrong tastes through this psychological suggestiveness. This is how perverse foreign consumption habits are imported and the mnc's commit national resources to satisfy them through bogus import substitution.

Onimode thinks of advertising as it is carried out in Nigeria as wrong without qualifications. It is a waste of scarce resources, it misleads the public and cultivates wrong tastes. Now that some advertising may have this effect is disputed by no one, but the claim here is that this is normally its effect, at least for Nigeria. And Onimode's opinion is by no means exceptional amongst critics.

Advertising, according to Daniel Bell, author of *The Cultural Contradictions of Capitalism*, is an area where a real tension shows up within corporation:

> On the one hand, the business corporation wants an individual to work hard, pursue a career, accept delayed gratification—to be, in the crude sense, an organization man. And yet, in its products and advertisements, the corporation promotes pleasure, instant joy, relaxing, and letting go. One is to be "straight" by day and a "swinger" by night.

People are encouraged by advertising no longer to defer the gratification of their materialistic impulses—buy now, pay later. Bell refers to the process as "seduction of the consumer."

Bell's thesis is tirelessly repeated by critics. Advertisements change the very consciousness of people who are usually unaware of the process of change they are undergoing. The power of subtle repetition of values and ideals that may not be all that constructive but which nevertheless are always close to the surface of human motivation and ambition is very great. If corporations were not convinced of that, they would not spend the huge sums of money they do on advertising. Goudzwaard states that corporations spend so much money on advertising precisely because research and experience have ensured them of the effectiveness of their efforts to influence consumer tastes, in other words, to affect human consciousness. Saralee Hamilton of the Women's Network on Global Corporations, speaks of advertising as a form of social control, an attempt to manage social change.

A report on the impact of TNCs in Asia puts it this way:

> TNCs are able to shape and distort the consciousness and values of people in underdeveloped nations. American cigarettes, cars with foreign brand names, and the consumption of imported alcoholic drinks are projected as a mark of success, prestige or manliness. To be socially acceptable, one has to use perfumes, deodorants, shampoos and various cosmetics. Even our concept of beauty is distorted. Advertisements for cosmetics and garments lead us into believing that beauty lies in being fair-skinned.

> But the more insidious effect is on the subconsciousness of the people. We are made to believe that only foreign technology can provide for our needs, thus keeping us ideologically pre-disposed towards dependence.

Bishop Henry Okullu of Kenya has accused TNCs of pretending to be capable of virtual miracles. They tempt Africans to forsake their own culture and embrace alien social and economic values. The process is sometimes described as "taste creation."

Anzwar Fazal, a one-time President of the International Organization of Consumers Unions, had the following to say about advertising:

TNCs express their power in the whole area of manipulation and the use of advertising. There are certain kinds of wants and desires that are harnassed by powerful corporations into being identified with certain products the corporations make—cosmetics, the whole junk food industry, soft drinks, for example the way in which thirst has been translated into Coca-Cola. The classic case is the way companies were able to get people to use infant formula and give up breast feeding.

We are really talking about complete culture patterns that are being manipulated for the sake of profits. A process of westernization is taking place, one that eliminates cultural differences more and more and thus reduces the amazing richness of cultural diversity. In the case of Canada, Antonides, a Reformed writer, calls it the "Americanization of Canada" or "cocacolonization." Goudzwaard and van Baars, two more writers in the Reformed tradition, indicate their acute awareness of this process: "Capitalism has undoubtedly a leveling influence. Differences in culture and mentality lose gradually their sharp edges; there is a likely combination of `white consciousness' and `black consciousness' in a common `consumer consciousness." The process under discussion is assimilation or integration into one world culture, but it is "ultimately more culture disintegrating than integrating in its effects. The `objectivization' of people, their... consumption enslavement... are evidence not of cultural progress, but of cultural destruction."

No one describes this process from the Nigerian point of view with more bitterness than Onimode. He gives us the full arsenal of traditional Marxist venom:

> In a more subtle but subversive style, imperialist corporations deliberately undermine nstional cultures in order to facilitate the penetration and consolidation of imperialist interests. They assault

> national dress by insisting on their imported "tie and collar," especially in banks and insurance companies, and disseminate capitalist values through support for Christian religious activities and bourgeois educational programmes including social studies that depict Nigerians as "uncivilized natives" with incurable tribal animosities. Their frenetic promotion of imperialist habits of consumption in mass media advertisements and importation of permissive foreign popular music, of which America's "Motown" is the best example, are also subversive of national culture. In the name of the so-called international understanding, they sponsor lavish foreign excbange programmes and trips for academics, students, tecbnocrats, business executives, and so on with the major purpose of exposing their victims to the powerful propaganda of imperialist values which undermine indigenous cultural norms. They also bypocritically and paternalistically support indigenous cultural activities, which is typically designed to petrify sucb endeavours by eliminating their popular and spontaneous character as a prelude to commercializing and debasing them.

A fellow Nigerian, Okaiyeto, writes in similar vein, though with less passion and with less of a wholistic thrust:

> TNCs transmit socio-cultural preferences of rich, Western... societies to the Third World.... [They] promote a "business culture" with certain value orientations and an ideal of a lifestyle geared to such attitudes, forms of corporate organization, product design and consumption patterns imitative of the rich countries.

He goes on to charge that these products are basically geared to "small upper and middle classes and with a heavy dependence on external resources." This process leads to increased class differences and inequalities.

The opinion that TNC advertising in the South encourages the development of class distinctions is shared by many others from the South. A WCC report, echoing Southern voices, states that "TNC sales promotion often creates inappropriate demands or consumption patterns which exacerbate inequality. Poor people and ... countries cannot afford sucb products, demand for which is built up by use of global and national media."

Examples of such advertising and marketing techniques abound in a country like Nigeria, a country with 70 million or more poor people. One Unilever/UAC affilitate recently produced a flyer made of very expensive glossy paper, that urged the consumer to buy all sorts of products that only the elite can afford so they can enjoy their Christmas. The company offered super hair dryers, executive shavers, car vacuum cleaners, electric can openers and knife sharpeners. All of these were offered as a way of "showing your appreciation to those who have helped you during the year, of recognising a business relationship with a valued memento at Christmas"—and that in a country where such gift giving is so warped that it is almost always a blatant form of bribery. The ad is an inducement in that direction. It shows total disregard for the much more basic needs of 70 percent of the population. Only a few can afford a car, let alone need a gadget for cleaning it. And while the company is at it, it manages to squeeze in the names of National and Pan Electric, two fellow subsidiaries of the common parent, the giant UAC, itself a part of the Unilever conglomerate. Thus, with their investments in Unilever, Westerners are found once again to be involved in however remote a way in advertising that encourages spending on irrelevancies amidst a sea of poverty.

Sometimes competitors punch each other below the belt—and when corporate elephants fight, you know who gets hurt: the consumer. There was the spectacle of the two Canadian food chains Safeway and Supervalue "locked in a bitter name-calling feud over prices that... is unprecedented in Canada." Their price war "degenerated into accusations of false claims, manipulated price comparisons and discreditable conduct..." in full-page advertisements in Winnipeg. SuperValu wrote: "Here's more of Safeway's nonsense. Safeway is now plainly distorting facts in their efforts to re-establish their past control of the Winnipeg market." Safeway responded, "SuperValue may continue to publish manipulated price comparisons in an attempt to discredit our unbeatable over-all prices. Regardless of what SuperValue may attempt, Safeway will make the necessary adjustments...." "False claims," retorts Supervalue. And on and on it went until even employees were embarrassed. And who do you think ended up paying for this brawl?

If you are an investor, you may think that you invest in neither of these firms and thus do not share in the responsibility for such tactics. However, Supervalu is owned by Westfair Foods who also owns Loblaws, Econo-Mart, Shop Easy and OK Economy. Westfair itself is a subsidiary of the giant George Weston of Toronto. And do you know which other subsidiaries are owned by George Weston? All of these firms provide mutual support for each other. If you or your church invest in Canada, chances are good that the tentacles of your money somehow are involved in this and similar brawls.

In order to rectify the negative image such practices have earned the advertiser in the USA, the advertising community has produced a voluntary code of ethics while legislation has also been introduced to protect the consumer. However, the parameters of these hedges are determined by the same capitalists who created the problems to begin with. It is thus no wonder that the voluntary code is said to be inadequate and widely violated, while the legislation is unevenly enforced. So much for the safeguards, say the critics.

Pharmaceuticals

Another industry to which I draw your attention is the pharmaceutical industry, those producing medical drugs. I judge this issue to be of personal interest to you, since we are dealing here not with unnecessary luxuries but with questions of health and life.

The beginning history of cutthroat competition in this industry has been identified with American Cyanamid's Lederle Laboratories first blitz technique in 1948 to introduce Aureomycin to the medical profession. America's physicians were inundated with journal advertisements, direct mail, and ten freight-car loads of samples that alone were said to have cost $2 million, a hefty sum those days. The blitz approach was soon adopted by other companies and thus aggressive sales promotion became a common feature.

Much pharmaceutical advertising is aimed directly at the doctors who are in a position to prescribe specific drugs. Every effort is made to create brand loyalty among doctors, for it was found that such loyalty was more effective than the therapeutic rating of a drug. The effort begins when the physician is still a medical student and continues throughout his active career.

Much of this advertising reaches doctors by means of professional magazines, of which there are very many. Such advertising, together with rental of membership lists, was said to have provided the American Medical Association with almost one-third of its income. In addition, there are a number of "controlled-circulation" publications, distributed free to physicians and supported entirely by advertising. These periodicals have contained articles ranging from laudatory reviews of particular drugs to helpful hints for the tired physician as to the best European golf courses for his vacation.

Heavy as it is, journal advertising is dwarfed in dollar volume by direct-mail promotion, particularly in the introduction of new products. An advertising executive estimated that the average doctor receives 4000 or more promotional pieces a year.

The very magnitude of journal and direct-mail advertising is to some degree self-defeating, for the average physician is too busy to do more than glance at the mass of material that comes into his office, and much of it is thrown away unopened. For this reason, the key element in any major company's promotional effort is the sales representative, or "detail man." His function is to persuade the doctor to prescribe his company's drugs. However, the detail man has neither enough of the doctor's time nor the qualifications to present a balanced scientific report on the product be is pushing. At best, he will give a one-sided presentation of the benefits of the drug. At worst, his approacb raises serious ethical questions.

A series of bulletins from a regional sales manager to his detail men was made public some time ago.

> The scientific level of such documents was illustrated by the description of elderly patients as "the real crocks and cruds of everyday practice." The manager informed his superior: "Our guys are using a real expanded claim"— translated, this means that his salesmen were making therapeutic claims to pbysicians that went far beyond any clinical evidence submitted by the company to the FDA. Coupled with this was a slanderous attack on the leading competitive product, including the implication that any pbysician using the rival drug "is a gambling sole" (sic) willing to risk a malpractice suit. The conclusion of one bulletin read: "Tell "em again and again— Tell 'em until they're sold and stay sold."

Surveys are in agreement that the majority of doctors get their first knowledge of new drugs from detail men.

If the above information has not not yet made you uncomfortable, you should also know that these promotional efforts are said by responsible commentators to bave led to overprescribing on a large scale and an increasingly serious problem of illness, hospitalization and deaths caused by the drugs themselves. It is in the promotion that the basic conflict between the goal of a company as a profit-seeking organization and its function of meeting a vital human need is most evident.

Though in the USA the government has been regulating the drug industry through the Federal Drug Administration (FDA), the competition continues and becomes increasingly refined and clever, not to say manipulative. Many new drugs are marketed every year, but not because they are needed. Many are variations of existing drugs. Often the greatest distinction of a new drug is a catchier name. A few years ago, of the 96 drugs approved, only three were judged by the FDA to constitute therapeutic gains. To push their unneeded products, therefore, companies pour their money into promotion. Hundreds of millions go into snazzy exhibits at medical meetings, glossy brochures presented to doctors by company detail men, and "educational" videotapes.

Among the worrisome tactics are the promotion of drugs before they are approved, not only to doctors but also to consumers, the use of comparative ads in which the deficiencies of competing brands are cited, and a tendency to make claims that fall outside the limits of good advertising.

Pfizer presents an example of such tactics. It marketed Procardia, a product very similar to one produced by Searle and Knoll, two other pharmaceuticals. The ads made exaggerated claims for the drug while they also contrasted its merits with the other similar products already in existence. The tactic was successful, for the drug racked up $17 million in sales in 12 weeks, by far outselling competitive products. The FDA ordered the company to publish remedial advertisements.

Another pharmaceutical, Eli Lilly, marketed Oraflex for arthritis. Its campaign reportedly made exaggerated claims that resulted in enormous sales of more than $6 million for the first month. It was also said to be linked to eleven deaths. The drug was withdrawn.

A related problem has been that of advertising new products before they have been approved by the FDA. The agency has issued restrictive guidelines for such ads. They may not make claims about safety or efficacy. If the drug is named, its uses may not be detailed. The *Time* article in which all this appears features a copy of an ad by Ciba-Ceigy that meets those requirements in a most sophisticated and attractive "teaser" ad. It is legal, but is it ethical? Would you want to be responsible for it through your investments?

The above problems are even more acute in many Southern countries. There, people have even greater faith in modern medicine and often are convinced that every ill has its pill. They will spend their last penny to buy the miracle that will restore them to health. Silverman argues that this faith has been instilled by advertising in every available media. All the tricks of the trade as already described earlier are adduced there, while appropriate warnings about potentially adverse effects are minimized or even omitted.

Of course, some of these practices would not be possible in the South if it were not for the fact that bribery, kickbacks, and other inducements are even more common there than in the West. By means of these practices, Southern detailmen manage to sell drugs in enormous quantities, with the result that some of these drugs will spoil on the storage shelves long before they can be dispensed.

The HAI pamphlet, "Problem Advertisements," provides examples of pharmaceutical ads from all over the world which all imply or insinuate ideas that are misleading, downright false or they violate various codes to which the advertising corporation officially subscribes. It provides examples of Sandoz and Dankos in Indonesia, Roussel and Schering in East Africa, Roche in Ecuador, Squibb in the Philippines, Ciba in Africa, CAPD in Zimbabwe and Merck in India.

Dr. David Drew, a British medical doctor who used to work in the Jos University Teaching Hospital, confirms that these detail men have sought to entice him with the wildest promises of paid trips, scholarships, research grants and the like. It was only his Christian ethics that prevented him from taking advantage of these offers—and thereby tying himself into their net at the expense of his medical practice and his patients. It appears that, once they have begun operations in Southern countries, there is no difference between capitalist and communist pharmaceuticals. Pharmaceuticals from both camps have been observed to engage in the practices described. William Termorshuizen, an official of CRWM Canada who has long been engaged in the international non-commercial distribution of drugs, can tell you some horror stories of pharmaceuticals from both camps that market expired drugs whose labels have been reprinted with new dates on them. He tells of cases where bis organization performed laboratory tests on drugs and found that they did not contain the proportion of components listed on the labels, cases from both West and East. When it comes to ripping off the South, it appears that communist ethic has no stronger resistance than that of capitalism. They all seem to display a common characteristic: an acute deficiency of social responsibility.

I am not suggesting that every pharmaceutical carries on as I have described. There may be some who do not. However, if you have investments in any pharmaceutical, are you sure yours avoids such practices? Have you ever asked yourself that question?

Women

The sexual exploitation of women in advertisements is rightly a favourite subject for feminists. It is such an obvious practise that I want to do little more than refer to it. You have only to page through any popular magazine to come across ads in great numbers where the female figure is used to draw attention to a product even though there usually is no logical connection. Who has not seen ads offering the cars of General Motors, Ford, etc.? You probably remember the "fly me" ad of a few years ago by a well known and "respectable" airline. You do not have to search far and wide for similar ads placed on hehalf of other "respectable" corporations. Just open any secular newspaper or magazine, whether in the USA or abroad, whether in the automobile line, pharmaceutical or any other. Whether such practice is within the ballpark of the Christian ethic that encourages us to uplift whatever is beautiful is for you to judge. The chances that an investor's money is involved is almost 100 per cent.

The Advertising Industry

Behind all these shenanigans is an ad industry that includes some large corporations with huge budgets that go way beyond the $1 billion mark each. It is necessary once again to remind you that statistics and other figures associated with corporations are usually outdated even before they get published. That will also hold for some of the details below. The names of these corporations are not as well known as those of others. They do not advertise themselves in the same way, but they create the reputation of others. Chances that you bave ever heard of Young & Rubicam or J. Walter Thompson are slim. Yet these are the two giants in the field along with ten others.

These corporations are genuine TNCs. US corporations own(ed) eight of the top 10 advertising agencies in Mexico and nine of the top 10 in Venezuela. J. Walter Thompson is/was the leading advertising agency in Argentina, Chile and Venezuele, number two in Brazil and number four in Mexico. Like other TNCs, these companies tend to diversify into related activities. Young & Rubicon, for example, some time ago took over 15 corporations to become a leader in public relations, package design, sales promotion and direct advertising. The clientele can include politicians. McCann-Erickson was successfully employed in the campaign to elect a head of El Salvadore's National Assembly.

It appears that few areas are considered off limit to these advertisers. Even religious and Biblical themes are subject to exploitation. A Smith-Corona ad, encouraging the secular and commercial spirit of an American Christmas, showed a man who is described as having an ineffable smile, as though the beatific vision had just been vouchsafed to him. The total message consists of the words, "When I was a child I spoke as a child, I understood as a child, I thought as a child; but when I became a man, I put away childish things." I Corinthians. Recently, a large billboard just up the street from my house in Jos featured an insurance company displaying similar religious cynicism: "In the beginning there was..."

In Nigeria, prior to the indigenization process initiated by the government, there were two rival associations of advertising agencies. One consisted predominantly of foreign firms and catered mainly to the TNC community in the country. The other was an indigenous organization. The relationship between them was one of bitter competition. This foreign association was merely one in a long line of foreign interests that did their best to undermine local establishments. Fortunately, the indigenization decree put a stop to that effort. Though the effects of enforced indigenization have left much to be desired, here is at least one positive result in the sense that powerful TNC interests that prevented the blossoming of local enterprise had their wings clipped.

Unfortunately, it does not appear to me that the practices of the Nigerian advertising agencies represent an improvement in advertising ethics. According to Austeen Oladimeji of Makada Advertising, one of the tricks used by advertisers in Nigeria—and, of course, the world over—is to associate a specific product with certain values held in a local culture, so that the buyer purchases not only the product, but the experience or emotions that society or a class within the society associates with the product. Advertising creates sucb associations. Thus, when a Nigerian buys a Mercedes car, he huys puhlic recognition as a successful and powerful person.

Unfortunately, the advertising industry often associates products with values and emotions to which we are very vulnerable not only, but that often are also less desirable or constructive. It is, unfortunately, capitalist business as usual, this time under local control.

Does anything further need to be said? Does it make sense for Christians, whether individuals or denominations, to invest and draw profit from such cynical activities? Can any of this be squared with our mandates for responsible stewardship and for bringing the Gospel of love, righteousness and liberty? Are you SURE that your money or that of your denomination is not somehow supporting the above efforts? You would be sharing in the responsihility and guilt. Many Christians and their churches are.

chapter 9

Squeezing out Local People and Enterprise

In this chapter I want to explain how corporations squeeze local people out of their environment and occupations and how they eliminate local enterprises by undermining them. I begin with American situations and from there move on to other parts of the world.

American Examples

It should be noted, first of all, that this process is taking place in the citadel of TNCs, namely: the USA itself. This process has been around for a long time, dating back at least to the so-called Robber Barons of the last century.

The career of the original John D. Rockefeller, the founder of the Exxon empire, was studded with episodes of elimination of competitors, sometimes most ruthlessly. One day, during the early beginnings of Standard Oil, competing oil companies suddenly found that they could no longer transport their product by rail, because Rockefeller interests had leased them all. He outwitted the same competitors by negotiating special rate reductions from the railway because of the large volume of freight he could guarantee. Soon, Rockefeller and his cohorts founded a cartel involving selected refineries and railways that was used to strangle those unfortunate to be passed by.

At the same time, he offered large blocks of stock to leading bankers in the Cleveland area, the heart of the oil industry of the day. This was a way of insuring that competitors slated for destruction would be denied any loans. Rockefeller has been quoted as saying, "We are going to buy out all the refiners in Cleveland. We will give everyone a chance to come in.... Those who refuse will be crushed." In three months, he managed to buy up all but three of the 22 Cleveland refineries. By the time he was finished with his crushing campaign, Rockefeller bad eliminated 15 refiners in New York, 12 in Philadelphia, 22 in Pittsburgh and 27 in the Oil Regions.

By 1878, Standard produced 33 million barrels of oil in the USA out of a total of 36 million. By 1880, the company refined 95 per cent of the nation's oil. When one company sought to break the Standard stranglehold on oil distrihution and railways by huilding a gigantic pipeline, Rockefeller reportedly had his agents buy up rights-of-way to block its path, intimidate workmen, and even sabotage the pipeline itself. When this did not work, he allegedly hribed his way into the company and besieged it with stockholder fights and other prohlems until it finally sold out to the Standard.

Religion can be a wonderful thing and be used to support almost anything. It appears that Rockefeller found support and solace for his philosophy straight from the Bihle! Already during his pre-tycoon days, one of his favourite texts he taught in Sunday School at his Baptist church was "Seest thou a man diligent in his business? He shall stand before kings." During the period of acquisitions, Rockefeller's name became mud in the popular press, hut he insisted, "It was right between me and my God." What others saw only as ruthlessness, he regarded as "Christian charity." Swallowing up others indicated that "the Standard was an angel of mercy, reaching down from the sky and saying, 'Get into the ark. Put in your old junk. We will take the risks.' Rockefeller once told a reporter:

> God gave me my money. I believe the power to make money is a gift from God... to be developed and used to the best of our ability for the good of mankind. Having been endowed with the gift I possess, I believe it is my duty to make money and still more money and to use the money I make for the good of my fellow man according to the dictates of my conscience.

So much for now from the forebear of Exxon, the friend of many Christian stockholders, what I have given you is only a small sample of what our Rockefeller friends have been capable of doing. And let me remind you from Part I that they are present everywhere. If you invest in stocks, you will almost certainly be in league with them at one front or another.

In other American industries the trend exists as well. The history of agriculture has been a continuous story of small farmers pushed out. In the American West, large commercial enterprises were able to get possession of smaller farms hy controlling access to water. Some took over puhlic lands hy resorting to tricky use of various land laws. Teoneco, a giant corporation, owned the Kern County Land Company that is said to have gotten its start In the 1870's, when two Britishers hired a large number of vagabonds to enter claims for 640 acres in California. Those acres were promptly transferred to themselves, a method whereby they soon accumulated 150 square miles—and the company was well on its way.

Sometimes these TNCs are not interested in owning the land. They may prefer to leave the local people to operate their own farms under contract to produce the desired crops. Such an arrangement spares them the hassles of ownership with all the attendant legal complications. It also leaves them flexible and mobile for the eventuality that they should wish to pull up stakes and move to another location or even another country. Another aspect of the greater flexibility of contract is that a corporation will be more free to buy crops on the open market when the opportunity arises. They can usually manage to outmaneuver a farmer by some contractual technicality or fine print. It would be more difficult to take advantage of a new market price if the TNC were growing its own crop.

Farmers are often forced into signing contracts with corporations for a number of reasons, some of which are created by the corporations themselves. There is their "sheer market power" that is difficult to resist. Farmers frequently suffer from continued low prices for their crops and lack of credit facilities available to them. Tired of the impossible risks he constantly faces, a farmer will sign an advance contract to sell a certain crop at a certain price. He no longer decides on what crop to grow or how much acreage he is to allot to it. In fact, he becomes a hired hand of the corporation, having lost his powers of decision-making. In a culture where freedom and entrepreneurship are highly prized, such loss is a serious blow to one's self-image. But he has no choice, except to leave the farm altogether.

Not only does one's self-image get damaged, the farmer becomes a prisoner and can eventually be eliminated as a farmer altogether. Sechler and Hightower report that Ralston Purina, Pillsbury, Swift and some other corporations made contracts with American poultry farmers, the latter finally being destroyed by the thousands.

One victim was interviewed on television, but she did not show her face or mention the name of the corporation involved. The corporation was to supply chicks and eventually take delivery of full-grown broilers. The corporation decided how many chicks were to be delivered and when as well as how many were to be supplied. She had to borrow money to begin the arrangement, including taking a mortgage on the house. Sometimes there would be a long time between the last delivery to the company and the next batch of chicks. It could be six weeks or more that are then totally unproductive for the farmer. The corporation did not need to explain the reason for the delay, for in the contract there was no such obligation. Asked why she continued in such a difficult arrangement, she answered, "We have to! We'll lose our home. Our farm. Everything we've worked for." If a grower is dissatisfied with such terms, he is legally free to turn elsewhere, but in fact, for many of them there simply is no alternative.

When these problems were raised with the Securities and Exchange

Commission (SEC), the organ of the American government that supervises such affairs as we are describing, Tenneco, in an effort to downplay the problem, argued that agribusiness accounted for a mere 2.3% of the company's total operating revenues, 0.9% of their earnings before interest and federal income taxes and 1.1% of total assets. Why should anyone be so concerned about such a small sideline business? True, in their entire operations, agriculture did represent only a small proportion. However, the company is the largest marketing firm of agricultural products in the world. Their line of defence, a recognized legal procedure, shows the danger of huge corporations getting out of hand. With the "best" lawyers around and on basis of mere technicalities, they can effectively defend policies that destroy thousands of people. Such situations also say something about the present state of both the law and the legal profession.

In addition to being driven off their land, farmers can lose control over crop prices to corporations. Originally, producers and buyers were on equal footing with each other. Long distance transportation changed this situation, first the canal and later the railway. Once these facilities became the common means of transporting crops, the earlier freedom farmers enjoyed was greatly reduced. Buyers and railways began to act together. Farmers had no choice but to make use of the nearest railway, which, due to lack of competition, was able to charge more for the service. Farmers reacted by organizing co-operative elevators, while their political representatives sought to have laws passed to restrict the power of railway barons.

In co-operation with the railways, Cargill, the world's largest grain trading company, reportedly took over many country elevators. It built large grain facilities at ports on the Great Lakes. It acquired a system of canal barges and even trains. Farmers fought back through cooperative efforts. Cargill and other companies allegedly responded by building their own elevators to which they lured farmers by subsidized prices. Once the local elevator was driven out of business, the companies had established their monopolies. Farmers had no recourse to their higher prices.

In the food retail sector, it is said to have been common practice for large chains like A&P, Safeway and others, to undercut local independent businesses by accepting losses from extra low prices. These losses are supported by the profits from more lucrative outlets. Once the competitor has been eliminated, a virtual monopoly is created in a given district and the company has wedged itself into a position where it can dictate to the consumer. The victims here are mostly the poor and the elderly, for they do not have the freedom to go elsewhere.

Similar tricks have been used in the steel industry. Whereas previously the industry was segmented into various sectors, different companies working on different aspects from mining to manufacturing to distribution, slowly the larger companies began to usurp more and more of the functions until a few had become totally integrated. That is to say, they performed all the functions from cradle to grave, from mining to distribution. They came to control the supply of raw materials which they then sold to smaller concerns for outrageous prices or whicb they simply denied them. It has been said that US Steel has cut prices of products that were also produced by smaller competitors who could not afford such cuts and who thus went under. The company bas also been cited as selling finished products at a lower price than semi-finished products sold to smaller competitors. US Steel emerged from a battle between competitors within the steel industry and bas been described as the "combination of combinations." Though the corporation itself claimed to be interested merely in forming an integrated industry, close observers of its subsequent history prefer to place the emphasis on the desire for monopoly as the dominating factor. It may interest you to know that Grandpa Rockefeller at the turn of the century acquired an investment of $80 million in US Steel.

Southern Examples

Processes similar to those described above are of long standing also in the South and, at least in Nigeria, can be traced back to her pre-colonial days. Before the British established Nigeria as a colony, the mighty British Niger Company, a precursor of the present United Africa Company (UAC), the giant Unilever subsidiary, made life impossible for Nigerian traders. Many tricks were used to eliminate them since they represented competition to the UAC:

> They [the local entrepreneurs] frequently would lack the British currency demanded for tariffs and license. Many were illiterate and could not fill in the required forms. Furthermore, the company reduced prices paid to Africans to levels below those paid in adjacent areas..., bartered with useless goods of inferior quality, dismissed all senior Nigerians in the businesses it eliminated, and, in short, impoverished the formerly wealthy African middlemen.

All of this is admitted in the Diary of Lord Lugard, the man who spearheaded the Niger Company and wbo was to become the first colonial governor of Nigeria. The following information is from a report by a highly-placed customs official in the Lugard regime:

> Cotton—the quantity required for local manufactures will be reduced if prices of imported cotton cloths are cheapened by a lowered cost in the market of export as well as by reduced transport rates and improved transport arrangements.
>
> Hides and Skins—The cheapening of imported leather manufactures and their wider circulation throughout the country will reduce the quantity required for local use.
>
> Oleaginous nuts, seeds, and produce—supplies of cbeap kerosene and soap will reduce the quantity required for local use.

Similar suggestions were made by other officials. One confidential report proposed that the large proportion of Nigerian cotton consumed in the country for the weaving of native cloth could be decreased by importing "good strong cloth at a price which will compete with the local article." Governor Lugard himself advised the importation of suitable cloth to decrease Nigerian demand for cotton for their own weaving industry. All of these were efforts to undermine Nigerian businesses and industries in favour of Western interests.

Wolterstorff, formerly of Calvin College and now at Harvard, describes a similar process in colonial India:

> The production and weaving of cotton among the Bengalis bad gained international fame; their cotton cloth was said to be the best in the world. This entire cotton industry was destroyed by the British, first by monopolistic contract arrangements executed by the East India Company, then by duties on imports of cloth from Bengal into England of about 44%, and lastly by the flooding of the Bengal market with cheap manufactured goods after the industrial revolution was in full swing in England (with the capital financing the industrial revolution gotten in large measure from the plunder of the colonies). Similar things were done to the other industries of Bengal: self-sufficient agriculture was replaced with cash-crop farming; the traditional artisan skills were destroyed by heavy duties on exports and floods of cbeap, mass-produced imports; and a transportation infrastructure (roads, railroads, etc.) was developed entirely for the purposes of foreign trade and imperial control. The British wanted from Bengal a cheap, competition-free source of raw materials and a monopolistic market for their own manufactured goods, and they got what they wanted. In the process they pushed Bangladesh

decisively into the pit of underdevelopment.

A third report comes from Latin America. According to Antonidus, another CRC author:

> The Chilean and Brazilian economies included thriving commercial and manufacturing sections during the 19th century, but the impact of foreign capital via direct investment all but destroyed a number of domestic enterprises, such as the merchant fleet, copper mines and flour mills of Chile. The same thing has happened more recently to the Peruvian fish meat industry, which is now dominated by TNCs able to buy out the local businesses. More credit restrictions in Brazil ... have led to the takeover of many local firms by the TNCs, especially in drug manufacturing, textiles, plastics and electronics. Turner writes that a slowdown in the economy often means the sale of the local company to a TNC because the latter had no trouble weathering the storms. "The TNC caught cold, while their Brazilian counterparts died of pneumonia."
>
> One report shows that, of the 717 "new" manufacturing subsidiaries in Latin America established by the top 187 U.S. TNCs..., 331 or 41% were the result of takeovers. The Brazilian government's antitrust agency claims the... TNCs, including G.E....,formed a cartel for the purpose of "the systematic destruction of Brazilian national enterprises" through pricecutting. Documents... revealed that the cartel was out "to destroy... another 50 firms." Government prosecution claimed that dozens of local firms were eliminated.

The Nigerian and Indian examples above hail from colonial and even pre-colonial times. However, that of Latin America brings us right up into our own times. I want to show you further how this process works in various parts of the South.

The Japanese Noburu Ogihara reported on the huge Japanese Kawasaki Steel Corporation that built a large sinter plant on Mindanao Island, Philippines. 2000 people had to be evacuated to make room for this project and were moved to a mountainous area and thus cut off from their traditional occupations of fishing and coconut cultivation. They were given only half the price they asked for the land—40 cents per square metre. Though they were promised free housing, free water and free electricity, none of these turned out to be free. But they could not pay, since they had lost their livelihood and since the company hired only skilled workers. When two people, a lawyer and a teacher, began to speak up for these people, they simply disappeared without a trace.

In Indonesia, a consortium of Japanese firms formed the Nippon Asahan Aluminum Co., which, with the support of the Indonesian government, was setting up an industry that would supply 15% of Japan's aluminium needs. Three harbours were to be built to facilitate export of the produce and this involved the destruction of seven fishing villages with a total of 14,000 people. Dams were also part of the project and they required the eviction of another 5,000 people. Some agreed to move, but they demanded 60 cents (US) compensation per square metre—they were given only 20 cents. They were promised relocation, but six years after the project started, this promise had not been fulfilled. Twenty-one villages protested, but who can stand up against the combined might of national governments and corporate Japan? Though Western investors may try to clear their conscience by dismissing these as Japanese companies, remember from Part I that there is increasing co-operation between Western and Japanese TNCs, so much so that no Western investor can automatically be sure he does not share in the responsibility for such situations.

Let us return to Latin America. A development reported in Colombia centres on Exxon Corporation, its subsidiary Intercor and another American TNC, Morrison-Knudsen. The government of Colombia had decided on the development of a huge coal mining project that would serve as an important underpinning of the country's economy. Intercor was given a 30-year contract to develop and run the mine in a joint venture with the government. The major sub-contract was given by Intercor to Morrison-Knudsen, a construction and engineering firm.

The main problem was the involvement of Colombian businesses. Colombians charged that they were either bypassed or "bytricked" in favour of foreign suppliers. They charged that while the project was meant to revive the local economy, most of the contract money ended up in foreign hands. Local businessmen and professionals complained that the company used many tricks to eliminate them. It used closed bidding procedures that make scrutiny difficult. Bureaucratic procedures were used to block Colombian firms. Bidding documents usually arrived too late for local firms to take action, while terms of delivery of goods were impossibly brief. Neither did the company follow customary construction industry information procedures.

Of course, Exxon and Morrison-Knudsen deny any wrong doings and insist that they have not broken any laws. That may be correct, but the Christian concern is whether they support the Colombian search for a firmer economic foundation. Whose interests do they serve?

As for Africa, all students of TNCs complain of the difficulty of getting concrete information. It is not too difficult to get general information, but when one looks for concrete facts concerning specific TNCs, it becomes more of a problem. The inquiry becomes even more arduous in countries like Nigeria because of the vacillating attitude of the government. On the one hand, that government pretends to be strongly anti-apartheid and often lashes away at TNCs within her borders that also operate in South Africa. However, when the anti-apartheid crusader, Patrick Wilmot, a Jamaican university lecturer in the country, began to publish the specific names of such TNCs and their activities, the government unsuccessfully tried several times to whisk him out of the country and finally succeeded in 1988, under all sorts of hollow-sounding pretenses.

Even when Arthur Nwankwo, a Nigerian who has written to alert his people to the dangers of TNCs, tries to become concrete by writing about specific companies, instead of mentioning their names, he refers to them as "Company A" and "Company B" so as to hide their identity. This practice, of course, makes it very difficult to use his materials.

There is considerable danger in publishing information about TNCs in Nigeria. The power of TNCs in the country is based on the participation of powerful members of the local elite. These elite will do all in their considerable power to prevent the facts from getting out, the Wilmot episode being a clear example of the extremes to which that group will go.

But there is yet another reason for the dearth of information, especially in Nigeria. Though I find myself frequently doubting the observations of Onimode and his fellows because of their highly ideological approach, they are surely correct in asserting the bourgeois nature of most of Nigeria's scbolars. Like the Nigerian economy and politics, so can it be said of the area of scholarship that it "has suffered the same foreign domination and ... backwardness," because of the "imperialist character of the predominant petty-bourgeois scholarship in Nigeria." This tendency is said to be enforced by the "imperialist intellectual domination" of the country's publishing industry, dominated as it is by foreign publishers who largely control the entire industry from printing to distribution. Authors depend on them. These concerns, which are said to include Christian publishers such as Challenge and the Baptists, engage in the "dissemination of deadly reactionary literature." They are right that this situation has contributed to the dearth of critical literature in the area of our concern. Hence, for much of Africa one bas to be satisfied with general trends. However, when one places these generalities in the context of the more concrete facts available elsewhere, then they become believable, for the problems pointed out are similar.

One Nigerian case has been well repurted both in the newspapers and by

Yusufu Bala and his friends. It is the one to which I have already referred, namely that of Bakalori of Sokoto State.

Bakalori is definitely the most infamous of Nigerian cases, but by no means the only one. Texaco operates a plantation of 1,255 hectares close to Abeokuta, a well populated area. Texaco is also running a cassava farm of 10,000 hectares in Ogun State on which former farmers are now working as labourers. UAC, the Lever affiliate we have met earlier, owns 700 hectares in the same Abeokuta area, while it also has large projects in Kaduna and Cross River states. Unilever is also into oil palm production. Paterson Zochonis is engaged in large-scale farming, though I have no statistics. Food Specialities is cultivating 2,000 hectares in Kaduna State for maize. The International Breweries of Ilesha expect more than 100,000 tonnes of maize, sorghum and rice. Nigerian newspapers regularly feature articles condemning such developments.

It is not only TNCs that wreak such havoc on Southern people. In 1990, a Nigerian friend of mine told me about Northern Breweries, an affiliate of the Dantata Group, a Nigerian Muslim corporation based in Kano. The company has reportedly gone into cahoots with a former Governor of Plateau State and a chief in my friend's home area of Keffi to take over land in which four equally Muslim villages were located and which had been farmed by these villagers for as long as can be remembered. Representatives of the company twice paid the chief a sum of money which he divided among his own relatives. The third sum was at least partially divided among the villagers, who were told that they could plant no more new crops on their farms. My friend's father was reportedly given a pittance for his entire farm. At the time of writing, all the people are guarding their farms against the corporation's intrusion.

This story is still unfolding. My friend and I were about to visit the Keffi area to find a way of counteracting the company, but only yesterday my friend reported that Northern Breweries has sold the land to a German construction company, Julius Berger. The people are rejoicing, for they think the new "owner" will provide them with employment, but they have no idea under what terms the new arrangment was made. And what will happen when the company pulls up stakes as such construction companies tend to do frequently?

In the Lafia area of Plateau State, the local Emir or chief, a Muslim, had alotted a very large area of fertile land to a corporation. The land was being farmed mostly by Tiv farmers, who are predominantly Christian. The Emir is trying to force them to vacate and look for other land themselves. The issue has not yet been resolved.

Situations involving local companies abound throughout the country.

One could tell one horror story after another of collusion between Nigerian elites, especially retired military officers, and local chiefs at the expense of peasant communities. And some of these elites are honoured members of the church.

Nigeria is fortunate in still having plenty of available arable land, but many of the projects mentioned above are located in densely populated areas. It is more convenient for these corporations to take over large parcels of land in populated areas than to turn to the more isolated areas of equal fertility where relatively few peasants would need to be uprooted. The process is speeding up in Nigeria. It seems that Aaron Gana is rapidly being vindicated in his remark that the Land Use Act of 1979 in Nigeria, though "ostensibly promulgated to facilitate the acquisition of land by the State for `public' use, the undeclared objective... was to make land available for the establishment of large scale capitalist farming and the consequent proletarianization of the peasantry." Gana cannot be faulted for seeing the connection between the undeclared objective and the Bakalori massacre.

In the context of such ruthless world-wide "development" tendencies, the meaning of the report of Oxfam becomes clear. The report tells about a plastic shoe factory "in one African country" that was set up with imported machinery and employed only 40 workers who made 1.5 million pairs of sandals a year. These sandals lasted longer than the locally produced ones that were made of leather and were cheaper. The result: 5000 traditional shoemakers out of work and, in addition, all their suppliers.

Contracts in the South

The contract arrangement is not confined to the USA. In the South, too, TNCs resort to a variety of arrangements where the local farmers become "associate producers" for a specific TNC.

Though it is often claimed that the contract method provides a ready market for the small farmer, frequently this is not the case at all. Many "associate producers" are relatively wealthy farmers. Here is an example from Alcosa, an affiliate of the US food corporation Hanover Brands operating in Guatemala. The story has it that the company arranged contracts with the more progressive farmers who had already amassed some assets. Their income increased even more and they soon began to buy up small farms from hard-pressed Indians, who then became labourers on their own fields to grow cauliflower for Alcosa. Class distinctions became more severe in the community. Then the company itself also began making arrangements with numerous smaller farmers, since they would settle for lower profits. More than 1300 small farmers were convinced to commit their farms to the production of cauliflower for the company. However, farmers were reportedly cheated left and right by Alcosa through the "quality standards" imposed on them and by buying procedures. Farmers complained that the company's massive purchases of local cauliflower seed from their own traditional suppliers have driven up prices by 500%. Furthermore, they are required to purchase vastly inflated quantities of insecticide while fertilizer prices also increased. In addition, payments by the company were irregular, with the officer responsible not showing up on agreed dates. At least two schemes on the part of the company to defraud the producers are said to bave been uncovered, including kickbacks. A crisis came when Alcosa announced an unexpected suspension of purchases from their regular suppliers at the peak of the harvest season. This was a blow from which most of the farmers could bardly recover.

The story of Mexico's Bajio Valley is a further illustration of what happens when agribusiness enters a Southern country with contract arrangements. The Valley is a rich agricultural area that has long produced the basic foods for a large number of Mexicans. The valley's agricultural system allowed many peasants a share in the production of the nation's food supply.

Enter Del Monte. The company recognized the potential of the valley and soon began to negotiate contracts with local farmers. The inducement they offered was powerful: agricultural loans in a country where access to sucb casb hardly exists. The farmer agreed to a specified number of acres devoted to a crop desired by the company. The company, in turn, would supply assistance with seed, fertilizers, machinery and labour via loans. Farmers, not prone to study such situations thoroughly, fell for the temptatious. Before long, Del Monte had control over large parts of the fertile valley.

Though both agricultural production and income of the participating farmers increased rapidly, the arrangement favoured the larger farmer at the expense of the peasants. It is easier to manage sucb relationships with a few large farmers than with many small ones. The collateral farmers were expected to put up for the loans were beyond the reach of the peasants. The larger farmers could meet the requirements and often did. As their prosperity increased, they would either buy or rent from the peasants so as to increase their acreage under contract. The peasant would either be reduced to farm hand or join the urban migration movement, joining the ranks of the unemployed in the cities. The company initially had contracts with 21 growers with an average of 20 acres per participating farmer. 12 years later, the arrangement covered 150 farmers with an average of 50 acres. The direction was clear: increasing differences in income, increasing marginalization of the weaker parties and increasing class distinctions.

But even the survivors did not have an easy time of it. Del Monte reportedly tended to be dictatorial and arbitrary. Farming practices were very closely controlled as well as the type of seeds used. Delivered crops had to meet strict standards or the producer faced financial penalties. Sometimes the quality was below standard, because the company failed to meet their obligations. One farmer lost the income of his entire pea crop when the company failed to send the harvesting equipment on time according to contract arrangements. The company was manipulative and took advantage of the growers. One grower complained that "the company does what it wants with the contract."

And the crops? Of course, they are not meant to increase the Mexican food supply. They are foreign and meant for foreign markets. If agribusiness increases the food supply in the world, we must ask the question: whose food supply?

From Contract to Violence

It should be realized that peasants seldom transfer their lands into the hands of TNCs voluntarily. There is often force involved, or threats. Because of growing demand in Japan for fruit, TNCs are increasingly interested in the Philippines, especially in Mindanao. Roman Catholic priests report on the way in which Del Monte has taken over land. They claim that the company has threatened small landholders that their land will be encircled by Del Monte and all access will be out off, unless they agree to lease it.

"They bulldozed people right off the land," said Father Ed Gerlock, who was arrested for helping peasants resist. "Now they're using aerial sprays, harming farm animals, and giving people terrible rashes."

Farmers spoke of their land and houses being fenced off. One Ram Ocnas said that 30 Del Monte employees, protected by armed guards, drove more than 100 cattle onto his land that was already prepared for planting and destroyed all his work.

Other companies are allegedly involved in similar situations in the Philippines as well as other countries. They reportedly include "respectable" companies like Dole Corporation, Cellophil Corporation, Castle & Cook and others. In Bolivia, peasants have been replaced by large cane farmers. In northern Mexico, more than 100 peasants were killed while defending their land against large landholders, many of whom were Americans, Del Monte, Carnation and Campbell Soup being among them, according to reports.

Another story concerns Iran before the revolution. John Deere, Bank of America, Dow Chemicals and some others bought 25,000 acres of irrigated land. When the peasants working the land could not produce enough because they had not been given enough credit or extension services, the Iranian government bulldozed the villages and moved 17,000 peasant farmers into five new communities. They re-organized the small farm plots into five huge farms owned by the TNCs. This was the culmination of the "land reform" policy of Iran which resulted in the loss of land rights of 500,000 tenants and the creation of huge farm corporations stressing mechanization.

Examples of Native Peoples

In this section I want to show you how the various so-called "native peoples" of the world fare at the hands of TNCs. These people are also known as "indigenous people" or "aborigines." These terms refer to ethnic groups that have occupied their present lands sometimes for thousands of years, but that have been decimated and marginalized by foreign settler groups that have taken over their countries. They number some 200 to 400 million. No peoples have suffered from the activities of TNCs as much as they have. None other have been threatened with extinction like them.

I begin with accounts involving various groups of Indians in the Americas. With the co-operation of the government of Panama, TNCs were planning "development" projects that were regarded as threats to the existence of local Indians, the Guaymi and the Teribe-Changuinola. A combination of mining, oil and construction interests threatened to overturn the security of these Indians by projects involving hydroelectric plants, mining, pipelines and roads. The local people rejected all these efforts and insisted on prior negotiation to protect their interests which were based on subsistence farming. The TNCs had contracts with the government, at least some of which freed them from any obligation to pay compensation to the evicted people, claiming the latter have no rights at all. TNCs involved were basically American. Charles T. Main International did the feasibility study for one part of the development and was said to have high hopes of getting the construction contract as well. With that kind of interest, what sort of feasibility study would you imagine was done? Others involved were Northville Industries of New York, International Engineering Co. [a division of Morrison-Knudsen], Atlantic Richfield Co. [ARCO], and Rio Tinto Zinc. Two others, Canadian Javelin and Texasgulf, were involved but eventually withdrew. The displaced Guaymi families have lost their land and thus their source of livelihood and received compensation for the loss of one-year crop. That's it. No one had sought their agreement to this scheme and no one guaranteed them any participation in terms of employment or profit. And since they are an unskilled people—that is to say, in terms of modern industry—the likelihood of their benefiting in terms of employment was very slim.

In Guatemala similar processes are at work. The Kekchi and Pokomam Indians have lived on their land for at least four centuries, but they were threatened by a combination of TNCs and local elites. The Canadian International Nickel Company formed a partnership with the US-based Hanna Mining Co. they named Exmibal, who engaged in the mining and manufacturing of nickel. Exmibal recognized extensive oil deposits and went into a partnership with Basic Resources, an international consortium based in Luxembourg and headed by the English banker James Goldsmith. Together they formed Centram-Zamora, whicb initiated oil exploration in 1973. Soon others joined the fray, such as Getty Oil, Texaco-Amoco, Monsanto and Texas Eastern as well as some European firms. As the oil and nickel interest pushed further Into the land of the Indians, local elites began to show an interest in these developments, for the land became increasingly lucrative. The country's president beld a 100,000 acre estate that "happened" to be in the pathway of a pipeline. Other officials and businessmen began staking claims to the land by using modern legal instruments of whicb the Indians knew nothing. Threats and intimidation were among their arsenal. When the Indians finally began to protest publicly, the government called them to a public reading of the latter's response to the Indian claims. Soldiers were stationed at the scene and at the first sign of dissatisfaction on the part of the Indians, about 100 were shot on the spot. Since that massacre, there have been many confrontations between the local Indians and the elite, with the result of the development of guerrilla movements and accompanying increasing violence. The TNCs try to keep out of the struggle, though they are the basic cause.

In Brazil, Indians bave faced similar problems. Hunting, fishing and trapping have been made impossible for many Indian communities by mining concerns and bydroelectric projects that flood their lands. The list of peoples negatively affected is almost endless: Nambiquara, Satere-Mewe, Wacu, Tinguiboto, Xoxo-Catiri, Kaingang, Yanomami, Pataxo, Macuxi, Wapixana, Waimari-Atroari, Guarani.... These people faced forced removal or destruction of their livelihood. And when they resorted to legal action, they constantly found that modern law bardly accords them any recognition or rights to their lands.

Canada's Indians have similarly been victimized. A Cree Indian community at Rubicon Lake in northern Alberta has been seeking a court order to balt oil and gas exploration and development in an area of 2,500 square kilometres (900 square miles). The community claims that their traditional occupations of hunting, fishing and trapping are made impossible by the activities of ten large oil companies. According to the Indians,

> industrial activity has driven game away from the area and ... a steam-injection oil plant... has lowered water levels, reducing fish

> catches. ...trap lines have been destroyed, cutting income from this source to a fraction of what it was and ... most of the game killed during the past year has been shot by outsiders working for resource companies. As a result, they can no longer support themselves.

A report produced by the WCC, which sent a delegation headed by the Primate of the Anglican Church of Canada to the community, tells us how corporations and government allegedly co-operated in trying to destroy the Indian band under discussion:

> Methods used by federal officials to wipe out the distinct nature of the Band included transferring the names of the band members to the membership list of other bands without their knowledge or consent, advising Band members that they could receive treaty benefits only if they transferred to other bands, and falsely telling Band members that they could "try" enfrancbisement and later be put back on the treaty list if they didn't like "living like a white man."

The report goes on to describe the activities of the Alberta Government and "dozens of multi-national oil companies:"

> In the last couple of years provincial officials bave deliberately allowed fires in the Band's traditional area to rage unchecked, burning up thousands of acres of... forest used by band members for bunting and trapping. Traditional Indian bunting and trapping trails have been turned into private oil company roads.... Provincial and oil company workers have been instructed to deliberately bulldoze Indian traplines and to scare game out of the area by firing rifles off into the air... Local hide and handicraft buyers have been told not to buy from Rubicon Lake Indians.
>
> An oil truck, the delegates reported, badgered their vehicle off the road even as oil trucks had been doing to the Indians.
>
> Indian trapping incomes have been cut by more than half, the food for whicb they bunted has vanished—this year they harvested three moose wbere three years ago they got 120.

Revenue from trapping, the Indians' main source of income, went down by more than half. Whereas previously a trapper could earn up to Seven thousand dollars a year, income from trapping went down to only two to three thousand dollars per trapper.

The tiny Indian community of 292 members bas had to pay more than $1 million in legal fees and other expenses in the battle. They lost their court case and were planning to appeal—and thus spend more money that was becoming impossible for them to earn. The companies involved are said to include Dome Petroleum, Norcem Energy Resources, Petro Canada Explorations and Numac Oil and Gas.

The Aborigines in Australia face similar foes. The US-based TNC Amax allegedly planned an oil dig in an area beld sacred by the Yungngora people. The latter, with the co-operation of some churches, unions and other sympathetic groups, sought to block the convoy of trucks carrying in the equipment, but members of the group were arrested. The work eventually proceeded under the watchful eye of the police. Amax contends that it was merely exercising its legal rights.

Alcoa was also said to be involved in a similar battle with the Aborigines near Portland and in the State of Victoria. Aborigines in Weipa have been locked in battle for similar reasons with Comalco, an Australian affiliate of Rio Tinto, a company we will meet again, and Kaiser Aluminium of the USA. Rio Tinto is also said to be responsible for the forcible removal of local folk from their traditional lands in Papua New Guinea. On one reserve, the Aborigines were forcibly removed from their houses at gun point and put onto a boat. Their whole village was burnt down in front of them, and they were transported 400 miles up the coast to another place. As a consequence, a lot of these people died. A representative of the Aborigines mentioned the following TNCs causing them problems in Australia: Rio Tinto Zinc (especially), British Petroleum, Alcoa, AMAX, Western Mining, Kaiser, Exxon, Shell and Getty.

The same processes bave taken place in neighbouring New Zealand. The Maori people had a struggle on their hands against Rio Tinto at Bluff. New Zealand fishermen have been pushed out by TNCs, many of whicb have gone into various partnership arrangements with the local firm Fletcber Challenge, a company not traditionally engaged in fishing. Not only have they made it impossible for local fishermen to continue fishing, but they have also dumped low-priced fish on the local market so that the few local fishermen left could not compete.

It is no wonder then that the native peoples have begun to revolt against such treatment. They bave organized themselves into international bodies such as the World Council of Indigenous Peoples and the International Indian Treaty Council. A UN-sponsored conference on Indigenous Peoples and the Land was held in Geneva and was attended by 130 delegates. A programme of action from local to international levels was called for to counteract the threat of TNCs.

Another group of 74 native leaders and their supporters met in Washington, D.C., to discuss "Native Resource Control and the Multinational Corporate Challenge: Aboriginal Rights in International Perspective." Fred Plain, a chief of the Nishnawbe-Aski Nation in Ontario, Canada, summed it up at this conference: "We have seen what the TNCs can do in devastating a land and its people." On behalf of his own people, he vowed, "We will move to stop every effort to extract the gold and the silver, the nickle and the uranium, the oil and the gas from [our] lands. We will continue... to stop every TNC that attempts to clear our lands." The objective of his people, he explained, is

> to see a return of spiritual, social, cultural, political and economic independence. You cannot... divorce them one from another, you cannot divorce economics and culture..., they are bound inseparably. You destroy one, and you destroy the other.

Whether this objective is realistic or even right, I am not so sure. Whether it is responsible to allow a few thousand people to sit on a tremendous wealth of resources that can be harnessed for the benefit of the society at large, I doubt. However, it would seem clear that the agencies used to exploit such resources, namely, profit-oriented corporations, are not equipped to do the job, because they are guided by the wrong motive—profit. They may have the technical know-how; they do not have the human sensitivity required for such developments.

The conference issued a press statement that paid special attentions to the situation in Guatemala and devoted some very strong words to that country:

> Not since the holocaust committed against the Jewish people by the Nazi[s] has the world been subjected to the kind of genocide that is taking place [there].
>
> Why are the Indian people of Guatemala increasingly the most targeted for military aggression? Why do the military-industrial families of Guatemala want the highland Indian lands? Why does the American government, the so-called watchdog of the "free" world, support a government that is committing genocide?

Basic to the experience of annihilation on the part of these native peoples is an idea of progress with which TNCs seem to operate and that is summarized clearly in this statement:

> Progress in the form of: huge hydro-electric projects including the

damming of whole river systems, many cases of traditional territories, especially hunting, fishing, and agricultural lands, targeted for flooding.

Progress in the form of...huge mining and logging operations encroaching on native lands without regard to land titles, rights of occupancy, much less local cultural or economic or social needs [and, adding a missionary note: spiritual needs—author].

Progress in the form of large single-crop agribusiness concerns that use up huge tracts of native lands for the growing of export crops, such as bananas, pineapples, to sell to the... industrialized societies, while the lands of the native peoples are continually reduced, their populations are crowded into ever-diminishing parcels of land, and they are then blamed for causing their own misery through overpopulation.

In Guatemala... we would point out a variety of TNCs, including 190 US-based ones, representing a total current investment of over $300 million, control a large percentage of the Guatemala countryside. These corporations, among them United Brands Corporation, an offspring of the United Fruit Company which... came to own two-thirds of all arable land in Guatemala, work in close partnership with the Guatemalan military government.... When the US State Department speaks about protecting American interests in Central America, it means protecting the interests of these companies.

The statement ends with the question: is this progress? The native peoples' answer is a resounding "No!" But what would be the answer of Christian churches, organizations and individuals who invest in these corporations? Churches have gone to the native peoples to teach them the Gospel of liberation. They and their members have also gone there as investors whose names are hidden in well-protected shareholders lists. Would the real church please stand up so that the indigenous nations may know her?

I realize that any number of readers would argue that the elimination of such small, peasant enterprises is the inevitable price of modern development. Even though the hardships of the peasants are real, in the long run, increased efficiency, food supply and international trade must be applauded. My point here is: do you as an investor realize that your money may have such results? Can you thank God for profits made from such situations?

chapter 10

The World of Food

At this point I want to alert you to developments in the world of food as brought to you by your friendly TNCs. We will take a look at several aspects of food developments in order to give you a feeling for the prohlems TNCs created in this crucial area.

PROCESSED FOODS AND MALNUTRITION

A major problem today is the quality and artificial nature of processed foods. Popular myth in North America has it that corporations have made our quality of life higher through new products, greater choice, more convenience, better nutrition and all at a reasonable price. The reality is that our health and even our lives are endangered through the corporate drive for profits. We have less real choice. Many of the foods we are eating are not as nutritious, because they are filled with chemicals, additives and sugar, while the vitamins and proteins have been processed out.

The kinds of food we eat has become a matter of life and death. Tooth decay is in epidemic proportions in the United State because of the high intake of sugar. Food processors are slipping sugar into more and more products, from baby foods (so they will taste good to the mouths), to onion soup and peanut butter. Our children eat fumaric acid, propylene glycol and diotyl sodium sulfosuccinate which General Foods call Kool Aid. The average American consumes over 7 pounds of food additives a year. There has been very little research on what individual additivcs do to the human body and there has been no research as to what effects they have in combination with each other. There are more than 3,000 additives used in our foods and new ones are being discovered daily.

What has happened to our chicken is symbolic of what is happening to all of our food. Anybody who would try to make chicken like grandma used to make, would be foolish because we no longer have the chickens that grandma used to have. Her chickens were healthy naturally and ran in the yard pecking their own food. Today, thanks to modern technology, tens of thousands of chickens are raised under one roof. Three or four are stuffed into one 12 by 18 inch cage. The lights are on all night to stimulate growth.

Veterinarians have found that such stressful conditions cause a high incidence of respiratory diseases. and over crowding also facilitates the rapid spread of illness. To combat these technologically-caused diseases the farmer feeds the chickens with antibiotics, tranquilizers and other prophylactic drugs in high doses. Because of the high rates of penicillin in turkey, people have actually become ill after eating, especially those allergic to penicillin. In addition about 90% of the chickens and turkeys found in our supermarkets have been raised with arsenic in their feed.

All in all the multinationals have lured us to a feast — a chemical feast — and we are the paying guests. We pay not only with our pocket-books, we are paying with our lives as well.

Much of the above discussion is from Zaccheus, where it is concluded by:

A LITANY OF EXCESSES

We eat:
Apples with red wax preservative
Oranges shot with orange dye
Coffee cream without milk
Lemon cream pie without lemon, cream or eggs
Tomatoes with thick skins that can be picked
  green by metal fingers and then made red
  (not necessarily to ripen) in rooms
  filled with ethylene gas
Strawberries genetically bred to be big and red
  and taste like cardboard
Hamburger Helper for $0.50 per pound
  while hamburger without any help is 2/3 the cost
Bananas that are gassed to ripen
Hershey bars with smaller almonds especially
  bred so that customers wouldn't notice
  how much the candy bar has shrunk
And the dripless Whammy Bar, an ice cream bar
  without any ice or cream just chock full
  of emulsifiers so it won't run down your
  arm—and brought to us by Good Humor

GOOD HUMOR OR BAD TASTE?

ITT's Continental Baking's use of wood cellulose in its Fresh Horizons bread to improve its fibre content fits well into the above picture. But who can blame ITT for using wood products in human food when it also owns

Rayonier, one of the largest wood pulp product companies in the world?

Of course, these tricks do not stop at western shores, but they are exported wherever a potential market is identified. Often the emphasis is on variety rather than on the provision of inexpensive quantities of food. Universal Robina Corporation in the Far East launched a massive sales promotion drive for its Jack 'n Jill snack line. This line came in 7 different varieties.

Sun Biscuit markets over a dozen different types of cookies under its Sunbisco label, such as Choco-Marie, which is chocolate flavored and comes in red and white cellophane packs all over the Philippines. Its manufacturers admit that this product is designed for low income groups, despite their more basic needs.

Some years ago, when Beatrice had sold more than $36 million worth of processed foods such as ice-cream, corn chips and potato chips in Latin America, its spokesman said that the company "takes deep satisfaction from the fact that it is able to provide these quality food products of nutritional composition to poor people in developing countries at reasonable prices." One can understand the company's deep satisfaction, seeing that the profit of such endeavours in the South are greater than in the West.

Frundt's report on Borden may well need updating, but it does serve to illustrate the point well. Borden owns Henderson's seafood operations in Central America and has utilized its kiln dry milk process to expand in Panama and Venezuela. It also makes Alba milk in Brazil. Borden recently bought the largest maker of pasta in Brazil; it also makes pet foods in Puerto Rico and cheese and snack products in Nicaragua. According to Borden's chairman, Augustine Marusi, the company will continue to expand its investment in the highly profitable snack food business.

General Foods is one of the largerst food producers. For example, it is the world's largest distributor of coffee. The company is the third largest processed cereal company in USA. General Foods has been subject to shareholder action for some years about its overseas food sales. The company has been a leader in selling pre-washed, pre-cooked, pre-mixed, pre-peeled convenience abroad as well as at home. While General Foods products may be dismissed as frivolous "fun foods" cluttering American supermarkets, Frundt warns that in the South they can pave the way to malnutrition and early death.

The corporation promoted Jello packs in Mexico by attaching plastic Walt Disney figures (six cents each) to three-pack cartons and encouraged children by way of TV to collect the entire series of 24. In one test market, Jello sales increased by 1,000% in one week!

As to her adventure in Brazil, a country known for hunger and misery, General Foods pulled off the following pranks of frivolity: it marketed Kibon ice cream products in the countryside by offering toys made of popsicle sticks, promising prizes to those who received sticks with special markings. In the cities, it engaged in a huge campaign to sell Kabon Ice cream during slack seasons. The campaign included a series of "lucky visits". Kibon representatives would call on consumers and award gift certificates to those who could show they had a pint of ice cream.

The company was blessed in Puerto Rico, where it was found that 59% of all households stocked its Tang drink, a beverage without any of the fiber and protein found in the foods it displaced, namely oranges and tomatoes.

While pressure on the company was increasing from various parties to change their style, their president gratefully reported to its shareholders about its successes. "We have strengthened our position in the powdered soft drink market and growing at the rate of 15% a year; we have added new flavor to Kcol-Aid and Country Time beverages." He also boasted about new crackle-sizzle candy, including "pop rocks" and "space dust" that children toss in the air, then lick off their skin—a "sizable opportunity." Shareholders were then treated to a 20-minute film depicting new package labels and processing machinery, without a word about nutritional research. A stockholder resolution requesting nutritional information received only 2% of the vote. The shareholders knew on which side their bread was huttered.

It is no surprise that some time ago, this corporation was awarded the Sixth Annual Bon Vivant Vichyussoise Memorial Award for promoting had eating hahits in the USA. This award, a beat-up garbage can, is conferred by the Center for Science in the Puhlic Interest to food companies that encourage had diets. General Fcods won out over tough competition. Nominations are now being accepted for next year's award.

ODE TO GENERAL FOODS

We, the chemists of General Foods
survey the tastes of the nation;
the kids will scream for, the mothers demand
our latest chemical creation.
Water and oil and aluminum foil,
coloring, flavoring, and sucrose,
cellulose gum to help thicken the mash,
then BHT to preserve it.
Vitamins, minerals are long, long gone,
last seen in the nineteen-forties,
and protein's a word that no one has heard

since snack foods have shown up at parties.
Caffeine, casein, sorbate, and stearate,
propylene glycol, potassium bromate,
nitrate and nitrite, chlorine dioxide,
modified starch and sorbitan stearate.
We, the chemists of General Foods
know what the palates pan for:
crunchy, munch, sweet and creamy,
food additives are the answer.

What corporations put in the food is only half of the story. The other half is what they take out. While millions starve, giant food industries actually take nutrients out of food through over processing. The Zaccheus people accuse Wonder (a subsidiary of ITT) of crime for calling their "over-refined, white, spongy, stick-in-the-mouth product" bread. They also allege that Wonder markets its product in Mexico and other Third World countries where peasants, in order to be "modern" and "American" and "more healthy" (Wonder builds strong bodies twelve ways), eat white bread instead of tortillas. This amounts to a loss of money for them, calcium and complementary protein.

Why are so many chemicals being used in food? According to Zaccheus, it is profitable. Many food companies are compensating for poor manufacturing quality. Additives are a short cut, they are used to make a product look or taste like something it is not, and preservatives are used to keep products on the shelves longer. A longer shelf like means less spoilage and more profit.

One of the major claims of corporations is that they give the U.S. consumer more choice than any other people on the earth. Nowhere is that more epitomized than down the cereal aisle in the grocery store. We have more choice than we would ever want, or so it seems. In reality, 90% of those cereals are produced by four corporations: Quaker, General Mills, Kellogg and General Foods. Competition has been eliminated from the cereal industry and the FTC has said that price should go down by 20% if competition were restored. What exists is another shared monopoly where prices go up uniformly and everybody loses but the corporations, which all profit equally from the situation. Even with four corporations, the choice we believe we are getting is nonexistent.

One of the many ploys used by our friendly food corporations is to ensure purchase of their foods through an institution that is becoming increasingly popular in North America—the restaurant. Almost allthe so-called fast-food chains are owned by the food corporations. Below follows a list of fast-food and family restaurants and their either past or present corporate owners:

Kentucky Fried Chicken (Heublein)	Stuckey's Restaurant (Pet)
Burger King (Pillshury)	Magic Pan (Quaker Oats)
Jack in the Box (Ralston Purina)	Dobb's House (Squibb)
Burger Chef (General Foods)	Post House (Greyhound)
Pizza Hut (PepsiCo)	Sweden House (Inter"l Multifoods)
Mister Donut (International Multifoods)	Holloway House (Green Giant)
A & W (United Brands)	T. Butcherhlock Steakhouses (Intern'l Multifoods)
Big Boy (Consolidated Foods—some)	
Shakey's Pizza (Great Western)	Henrici's (Green Giant)
Dutch Pantry (CPC)	Hoffman House (CPC)
Hanover Trail Steakhouses (Campbell Soup)	Red Balloon Restaurants (Green Giant)
Fred Harvey (Amfac)	
Red Lobster Inns (General Mills)	Toddle House (Squibb)
Stouffer Restaurants (Nestle's)	Clark's and Herfy's (Campbell Soup)

(Frundt:142)

Since the above list was made, it is likely that some changes have taken place in this respect. The major change will prohably be that even more restaurants have been taken over or established hy the food corporations. At any rate, next time you eat in one of these restaurants, know that you are the guest of a large corporation that plays its part in the world of Agrihusiness giants, many of which you have met in earlier pages.

Research has shown that sweet foods have become very prominent in the diets of American children, while more nutritious foods like vegetahles and cheeses, are increasingly ignored. American Government hearings have brought to light the high cholesterol content and the high number of fat cells in children who eat a normal American diet. As a result of advertising these children watch, they talk their parents into huying them foods without nutrients. That situation makes for malnutrition. Already some years ago, evidence had it that six out of the ten most common reasons for death in the USA were related to diet, including heart disease from high fat and cholesterol diets, stomach cancer from food additives comhinations, bowel cancer from lack of fihre. Hypertension, strokes and other prohlems are much more characteristic of industrial societies than non-industrial ones. Many scientists believe they are hutrition related.

One of the most worrisome facts is that the diets related to these deaths are increasing in their popularity. Statistics bave sbown that wbile the consumption of beef and fats was on the increase, that of fresh fruit, vegetables, grains and dairy products has been on the decline. According to a report of the Department of Agriculture, since the late 40s, consumption of green and yellow vegetables bas decreased by 6.3 pounds per person per year and the use of cereal and flour products by 30 pounds. Consumption of noncitrus fresh fruit has also declined by about 30 pounds. Only the use of citrus fruit has increased. And while Americans are reported to eat more than 22 pounds of tomatoes per annum, more than half of this amount is used for ketchup and tomato sance, both processed foods that carry all the problems discussed above. It sbould, of course, be remembered that in addition to the additives and other cbanges for the worse induced by corporations, the effects of pesticides and preservatives continue taking their toll as well. These foods may be convenient, but they exact a beavy toll of malnutrition and ill health.

Some years ago, an American senatorial committee issued a report proposing changes in the average American diet that went straight against the grain of present capitalist food maiketing practices. Predictably, all the corporations that stood to gain from the status quo, in fact, helped create it, opposed the report. Cattle producers were unhappy about the recommendation to decrease meat consumption; sugar producers doubted the scientific nature of reports about the ill effects of sugar; egg producers denied that cholesterol levels are lowered by a reduction in egg consumption; canning companies opposed the promotion of fresh vegetables.

Of course, no one forces the public to purchase the kinds of foods we have described. They are "free" to cboose others. However, the persuasive psychological trickery used in advertising, packaging and in shelving, combined with the fact that all these processes are taking place without any acknowledged official planning, make it very difficult for the public to resist sucb purchases. Unless a consumer bas taken the trouble to analyze the situation, he is likely to be simply dragged along without giving it any real thought. Advertisers know that the buying public is hardly rational, let alone analytical, and they take advantage of that fact.

It is good to remember the link that exists between malnutrition in both South and West. Much of the sugar consumed in North America is imported from countries that consume too little beans, corn or other food crops. Because affluent nations are able to pay for it, the land on whicb poor countries could grow corn and beans is often used for sugar instead. Thus, one type of malnutrition is related to another.

In spite of the problems dependence on such processed foods is creating, they are popular because of their convenience not only, but also because they serve as status symbols in much of the South—and the food TNCs did not take long to exploit that fact to the hilt. In Nigeria, newspapers, magazines, billboards and TV programmes are rife with status-exploiting ads recommending products that are hardly among the primary needs of the population.

Entrepreneurs from Southern countries have observed the activities of these food corporations in the West and have begun to copy their methods. One of the latest in Nigeria is a product called "cheeseballs" and "cheesecurls." A number of companies have also been producing cornflakes and other breakfast foods.

Citizens of the South are no more aware of these problems than their northern counterparts. In our city, Jos, Nigeria, every working day one sees hordes of workers buying their noon lunch consisting of a soft drink that is used to down some baked product made of wheat thoroughly processed and deprived of most nutrients. Remember the lady who bought orange soft drinks because she had been instructed by a nurse to give her child fruit. People are fooled by these products. While many of them may contain up to 100 calories per serving, few of them contain much in other nutrients. One prominent Nigerian businessman, a holder of many high civil service posts through the years, complained bitterly when the Nigerian government banned importing processed sugar along with the machinery required to make it. Nigeria, the government decided, must return to brown sugar. This friend felt that Nigerians were being deprived of high quality foodstuff. He was surprised to find me supporting the government policy. He had no idea that the less processed product was more nutritious. He commented, "We only take appearance into consideration." And so it goes in many countries. Nevertheless, General Foods and their kind continue pressing such products on the world.

TRADITIONAL VERSUS JUNK FOODS

Another aspect of the same problem is the replacement of nutritious traditional foods with Western junk foods. Most non-Western cultures have their own traditional drinks that are frequently very nourishing and inexpensive. For example, in the north of Nigeria there is a grain-based beverage known as kunu that is delicious, thirst-quenching and nourishing. Preparing it is a laborious process so that it is not always available just when, for example, a guest arrives unexpectedly. Hence, Coke and Fepsi's ad campaigns, using techniques much like those in the West, scored a quick victory. Coca Cola has some 13 or so plants in the country. One who moves from friend to friend can easily be served up to ten bottles a day, while kunu has almost disappeared, because it bas lost its prestige through effective advertising. Traditional and proven food products have lost so much of their former prestige to their foreign replacement that in many circles the use of the traditional has become an embarrassment as a symbol of backwardness and not "being with it." A.B. Ahmed bristles, "Coca-Cola conditions you to regard drinking kunu as terribly primitive and unhygienic, when you can easily pop open a bottle of what it advertises as the 'real thing'." So effective has the advertising been that many illiterates think of a nutritionally useless orange softdrink as having nourishment and even medicinal values. They will buy it for their sick children! Not that the companies so advertise, but the Nigerian trend of thought leads in the direction of such a conclusion—and I have yet to see a company trying to make clear that the conclusion is false!

Biersteker, a careful scholar not given to exaggeration, makes a similar point with respect to the Nigerian situation. Referring to breakfast cereals and toothpaste, he asserts that "both products replace existing products with a more costly commodity of a lower [or questionable] substantive value. Processed breakfast cereals replace porridges made from local grains, and "modern" toothpastes take the place of the equally [often more] effective chewing sticks popularly used." These industries, be continues, "all employ extensive advertising... to demonstrate that the more modern, stylish, or better-educated population in Nigeria regularly uses these products."

The same trend exists elsewhere. In Mexico, a study of the marketing of junk foods showed that the industry works against government efforts to improve the diet of 35 million undernourished Mexicans. Pepsi and Coke were recognized as two of the culprits. Similar situations are reported in Asia. One Asian report laments, "We actually pay to be convinced to drink Coca Cola."

The trend of replacing nutritious traditional foods by the artificial products of TNCs has become so universal and has led to so much malnutrition in certain parts of the world that a new term had to be coined to cover this new kind of malnutrition. The term is "commerciogenic malnutrition!"

I would be the last to argue that all the new products are bad and should be eliminated altogether. The point is that the concern of TNCs is first of all to make a profit, not to improve the life of the people. Hence, potentially useful products that add to the variety of goods available to the people and that could mean at least social enrichment, replace cbeaper, safer and more nutritious traditional products and thus lead to cultural impoverishment. It would be one thing if such changes were the result of conscious decisions on the part of the local community. However, the process is the result of clever marketing manipulation that plays on the desire for prestige and status. By the time some of the more conscious members of the community become aware of what has taken place, they begin to regret the change and get frustrated at having being outwitted once again by foreigners. By this time it is too late to reverse the process. The TNC has done it again!

Cash Crops Versus Food Crops

The issue of food crops versus cash crops is the third issue I want to raise in this chapter. TNCs frequently cause a country's food production patterns to change from local food crops to cash crops. This change may bring in quick money for the larger farmer whose product is more likely to land in the bosom of a TNC which, in turn, often exports it to Western countries. However, the process usually reduces the availability of traditional food and thus often leads to either hunger and malnutrition or increasing dependence on imports—and not infrequently to all three. I have earlier drawn attention to such deliberate policy in colonial Nigeria. Antonides asserts:

> Much of the agriculture of Africa, Asia and Latin America is geared to produce cash crops for the Western nations, including tea, coffee, cocoa, bananas, peanuts, cotton, sisal. Prices of these cash crops, with one or two exceptions, have declined. Many of the high protein foods are exported from countries where people are starving. Even fish, desperately needed in Latin American, is shipped to North America and Europe, where it often ends up as cattle and poultry food.

Sometimes this process is referred to as "protein drain." According to World Bank nutrition expert George Borgstrom, more protein flows from the poor nations to the rich than vice verse. To be concrete, "Seven units of protein move from poor nations for every five that leave the wealthy nations." For example, the US imports two-thirds of the world catch of tuna, one-third of which ends up as catfood. The main source of protein in Namibia is sardines. Delmonte has taken over and now takes 90% of the supply in Walvis Bay. Do not think for a moment that most of that catch is being used to feed Namibians.

Given this general situation, you will not be surprised at the complaint heard in the Philippines that the people need staple crops, and are presently suffering from malnutrition. 77% of the children are so affected. More than 50% of the country's arable land is devoted to cashcrops for export, according to one writer, while another puts it as "over one-third."

Brazil is said to be one of the largest food exporters in the world, but it is plagued by "huge levels of malnutrition." There are a number of reasons for this, but they are all related to TNC economics. The shift from local to export crops has been rapid. In just three years, land under rice and maize cultivation has decreased by 10% and 6% respectively. During the same period, oranges have taken a 6% increase. Two-thirds of Brazil's cars run on alcohol derived from sugar cane. The money saved from replacing imported oil is huge, but it all goes to interest payments on foreign debts. The sugar cane takes land that could be devoted to food.

In the same country, over the last 15 years or so large areas have been diverted from the production of the traditional black beans and corn to soybean. This eventually led to a food crisis that produced riots that in turn forced the government to require soya producers to reserve from 10 to 15% of their land to black beans. While the country's export of cash crops increased fortyfold, the production of black beans, the staple, declined by 17%. The TNCs involved allegedly include Cargill, Continental and Central Soya. Farmers go for the new crop because the price is higher. The favourable price is often the result of government policy to favour export crops and is not infrequently aided by Word Bank-financed infrastructures such as special road or railway networks to transport the new crop to its destination efficiently. No wonder the country is marked by unrest. Mothers have formed gangs which lont supermarkets for food. Some parents are abandoning their children out of sheer desperation.

In Mexico, traditional crops of corn and wheat are no longer allotted sufficient acreage so that the country has had to begin to import to feed her own population. However, Del Monte can now boast of exporting 75% of her large vegetable crops in the country to the USA, whose people benefit from the lower wages. Americans are also enjoying the new Mexican crop of strawberries.

Gulf & Western have an overshadowing presence in Dominican Republic. Though in some ways the firm is praised even by its critics, she is also charged with being co-responsible for the malnutrition so widespread in the country. The huge tracts of land devoted to export crops should, according to critics, be devoted to the raising of local food crops, a change that would go a long way to meet the basic food needs of the country.

A pamphlet by Oxfam tells the following about Colombia. The traditional food crops are maize and certain types of beans. In the 1950's an American company started a chicken industry. Commercial farmers found they could make good profits by growing feedcrops for chickens, so less land was used to grow beans and maize which became more scarce and therefore more expensive. Did the poor people in Colombia start eating eggs and chickens? Unfortunately not, since a dozen eggs or two pounds of chicken cost more than an entire week's earnings for over a quarter of the population. It is too bad we are not provided with the name of the company.

It is good for a continent of hamburger eaters to be aware of the juicy facts of the hamburger industry—the "hamburger connection," as Robert Holden dubs it. Until 1960, cattle ranching in Central American was geared basically to providing beef for the local population. Then TNCs became interested in Latin American as a whole as a source for cheap beef for North American palates, especially for the fast food industry. Under this new impetus, beef production in Central America doubled, but beef exports tripled. 90% of this beef goes to the USA. The beef from this region is cheaper because the cattle are fed grass instead of grain. While production increased by leaps, the local people's consumption of the product plummeted. During the first half of the 70s, beef consumption in Costa Rica fell by 41%, in El Salvador 38%, in Guatemala and Nicaragua 13%. By the time American beef consumption was up to 123 pounds, in Costa Rica it was down to 35, in Honduras 13, In El Salvador 15 and in Guatemala 23. Malnutrition amongst children in the area affects one-third of the children because of, amongst other reasons, lack of protein. Beef is now out of reach for the majority of the people.

One of the major actors in the above scenario is the Latin American Agribusiness Development Corporation (LAAD), a corporation owned by a group of mostly American "blue chip" banks and agribusinesses. These are:

Adea Investment Co. (Luxembourg)	Borden Inc. (New York)
Bank America International Financial Corp (San Francisco)	Cargill (Minneapolis)
Caterpillar Tractor Co. (Peoria)	Deere and Co. (Moline)
Centrale Rabobank (The Netherlands)	Chase Manhattan (Newark)
CPC International (Englewood Cliffs)	Monsanto (St. Louis)
Gerber Products Co. (Fremont)	Ralston-Purina (St. Louis)
Girard International Bank (New York)	Castle & Cooke (San Francisco)
Southeast First National Bank of Miami	Goodyear Tire and Rubber (Akron)

LAAD sees itself as an investor "in private enterprises located in... Central America and the Caribbean." Its aim is "to improve the production, distribution and marketing of agriculture based products." It gives high priority to export production. While its first emphasis is on food processing, beef cattle comes next.

LAAD is not the only corporation involved. Another one is United Brands or United Fruit, as it is better remembered by some. Though it is known better as a producer of hananas, already for some years its total meat sales were more than double its fruit sales. The US Government has listed at least 59 TNCs involved in beef production in all of Latin America.

Having learned of so many specific cases, the following case, in spite of its anonymity, rings very true and realistic. In a conference on these issues co-sponsored by Princeton Theological Seminary and the Overseas Ministries Study Center, a speaker told this story:

> A part of the land of my country was used to grow black beans, one of our people's basic staples. An American corporation comes in, sets up a joint venture with a company... from my own country, buys up an area of land the size of... Delaware, evicts all the tenants, and uses the land to raise cattle. That beef is sent back to the USA so Americans can go to... McDonalds and have a hamburger. That is a barrier to development.

While Christians in the West are inundated with news about increasing hunger and malnutrition in the South, and they organize all sorts of food drives to help these unfortunates, they forget that it is their own corporations which help create the problems. How inconsistent, self-defeating, fonlish. How much more responsible it would be for them either to encourage their companies to produce more useful products or to establish corporations with a different motive. They have the money to do so. Ignorance, greed, separation of religion from life and fear of radical thinking are among the main factors that prevent them from taking this more radical action.

INFANT FORMULA

One very controversial marketing issue related to both women and artificial foods is that of the marketing of infant formula. There has been a long-standing feud between the producers and distributors of infant formula on the one hand and individuals and organizations concerned with the health of children, especially in the South. The International Baby Food Action Network, founded in 1979, is a coalition of voluntary agencies in both South and North that have been struggling to eliminate irresponsible marketing of infant formula products. Both the World Health Organization and UNICEF are also involved. Though various victories have been won by opponents of the infant formula during the last decade or so, the struggle continues right into the 90s. The October, 1989, issue of the WCC's *Contact*, still calls on its readers to help stop what continues to be a serious cause of illness and death.

Though breast milk is best for infants under most circumstances, especially in the South, there is room and sometimes a need for artificial infant formula. However, the marketing of artificial infant formula has caused the death of millions of infants. Statistics of infant mortality related to this product vary from one to three million per year. UNICEF has estimated that ten million babies a year run "serious health risks—often fatal—in developing countries" as a result of using infant formula.

Other horror statistics have it that in Chile there were three times as many deaths among infants who were bottle fed before three months than among infants who were breast fed. Further investigation indicated a bacterial contamination rate of 80%. Melrose's study in a Yemeni village revealed that exclusively breast-fed babies under six months of age had the best nutritional status. She comments:

> Underweight babies are known to be more susceptible to disease. This sets up a vicious circle: malnourished children get diarrhoea from infections which stops them absorbing enough food and they become more seriously malnourished and, thus, more vulnerable to infections.

Why should this situation arise with respect to basically excellent products? Melrose explains that they were designed to be used in rich countries, prepared in modern kitchens with clean water, by women who can read and understand why the bottle must be sterilised and the water boiled. In countries like Yemen, the only safe way to feed a baby is from the breast.

Infant formula is not even as convenient as breast milk which is readily available, at the right temperature, and with no need for an elaborate sterilising routine. For a Yemeni woman, fetching water can mean a trek of one hour over difficult mountain tracks, carrying a 40-lbs tin of water. Usually the water is contaminated. Often it has to be paid for and can cost about 2.40 pounds a day. Fuel to boil the water is another expensive commodity. Once she has a fire going, a woman will often prepare a mix for more than one feeding, not realizing the effect of bacteria in an airless, unhygienic kitchen in a hot climate. The mix can become lethal. Poor women often overdilute the mix to stretch it. The result is that babies become malnourished and get diarrhoea from contaminated water or dirty feeding bottles. This can lead quite quickly to severe protein-energy malnutrition and death. The immediate cause of death may be dehydration from prolonged attacks of diarrhoea, or a secondary infection like measles, which can be a killer when the body's resistance is destroyed.

A related product for infants is sweetened condensed milk. A UN advisory group warns against feeding this product to infants, but it has nevertheless been marketed aggressively in Southeast Asia. Among other results of this product are kwashiorkor, keratomalacia, beriberi and marasmus. A variety of diseases that weaken children, render them more vulnerable to different sicknesses, can affect eyesight, produce anaemia, pneumonia and diarrhea and even lead to death. It is all so senseless, for mother's milk is superior in every way and contains all the right nutrients and antibodies to protect babies from disease.

Perhaps you find my discussion very paternalistic in tone, if not racist. Do I think that non-Westerners cannot bandle what Westerners are good at? You must know that the protests have originated from southern countries themselves. Even the very conservative Muslim Hausa-language newspaper *Gaskiya Ta Fi Kwabo* writes in the same vein. Similarly, Nuhu Andeyaba, a Nigerian medical doctor owning two private hospitals, confirms the problems and adds a few Nigerian twists to the picture that further re-inforce our argument. In addition to the problems of contamination and overdilution, there is the frequent danger of babies being put in the care of grandmothers or little children who are either ton old or too young to understand the special care needed.

By now you will be asking why on earth these mothers have changed over to infant formula? There seems to be no good reason. There are several causes, but the main answer lies in advertising and marketing techniques that appear to be irresistible. Melrose explains:

> Women see big blown-up promotional cans in doctors' surgeries and pharmacy window displays of baby milk and feeding bottles. This promotion gives milk powders all the mystique of modern medicine with the illusion of instant bealth.
>
> Advertising on television gives milk powders and bottle-feeding all the status that goes with baving a television. For women without a television, the point-of-sale impact of tins and tins of milk powder stacked in almost every market food stall is just as effective in reinforcing the fashionable drift to bottle-feeding. The plump, healthy babies on the tins beam out the message that this must make their babies plump and healthy, too. Like most mothers, Yemeni women want what seems best for their baby.
>
> Company salesmen have visited both private doctors and Government health clinics, offering them free samples and gifts for promoting artificial baby milk. Attempts have been made to persuade Yemeni nurses to hand out free samples of milk powder with the enticement of free gifts for those who agree.

> Promotion reinforces fears already planted in the minds of Yemeni mothers. Women, Muslim women in particular, are very vulnerable to feelings of inadequacy in a male-dominated society. A breast-feeding survey of 200 mothers in a small Yemeni town found that, although almost all the women said breast milk was better than powdered milk, many were bottle-feeding from the day of delivery. The reason they gave was that their milk was not good enough. This notion was apparently widespread and "reinforced by other women, by some health professionals, and, of course, through the advertising efforts of the milk companies." But studies in a range of different countries have found that only a very small percentage of women are unable to breast-feed—generally less than 5%.
>
> There are other cultural factors behind the shift to bottle feeding. Breast-feeding is considered harmful to the baby once the mother is pregnant with the next child. This superstition persists, despite the Koran telling women to breast-feed for two years. Many Yemenis also believe that a breast-feeding mother can pass on harmful characteristics to her baby; so mothers should not breast-feed when they are angry or ill. Babies are not breast-fed straight after birth because the colostrum is considered bad milk. This means that they miss some of the vital immunities transferred in this first milk. Bottle-feeding is also attractive to women reluctant to take their babies out of the house for fear of the 'evil eye' and, of course, to Yemeni women with a heavy workload out in the field.

The manufacturers of these products include some of the largest TNCs in existence. Nestle of Switzerland has been the leader of the pack. American firms have included American Home Products, Abbott Laboratories and Bristol Meyers. The last two sold theirs primarily within the USA. American Home Products has marketed its infant formula through its subsidiary Wyeth Laboratories, a company that was discovered to be marketing a vitamin deficient formula and skirted around about the issue to avoid loss of confidence in its products. British concerns have included Cow, Gate and Glaxo. Among the corporations that have actively promoted the sweetened condensed milk are Nestle, Wilts United Dairies Ltd., Friesland, Beatrice Foods, Australian Dairy Corp. and Carnation Co. Nestle, for example, used jingles like "Grow up speedily, my little one... Drink Milkmaid Milk."

It is instructive to zero in on the marketing practices of one American TNC that was involved in the infant formula racket in Asia: Wyeth, the subsidiary of American Home Products. According to Doug Clement, coordinator of Infant Formula Action Coalition and staff member of International Baby Food Action Network, an organization with branches in 55 countries, Wyeth Nutritionals, the second largest company in exports of infant formula, was one of the worst violators of the WHO's marketing code for infant formula. In Asia, the company gave free samples for patients in hospitals that included a business reply card by which she could invite a company representative to her home. In some countries the company placed posters in hospitals advertising their own brand. The company's labels and leaflets neither gave enough of the type of information required by WHO nor included statements on the advantages of breast milk. Milk nurses and midwives were used to promote their brand. Medical representatives have been used to work on commissions and quotas. Governments have been lobbied to adopt legislation that was weaker than the WHO code.

I am gratified that the Christian Reformed World Relief Committee (CRWRC), an arm of the denomination in which I am an ordained minister, has recognized the problem of infant formula and has been concerned enough to include it in a conscientization program for the church pastors. Unfortunately, neither the names of the specific corporations who were responsible for the problem were included nor information about the specific methods they employed. The exclusion of sucb vital concrete information severely hampers the effect of this conscientizational effort.

chapter 11

Transnational and Under Development

The half has not been told—and I don't intend to tell it either. If this were a systematic study of TNCs, I would have to go no for a long time and cover many more subjects. My purpose so far has been to convince you by plenty of examples that TNCs do not always represent the progress you may have thought they did. I am not saying that all TNCs are bad or that there is nothing useful about any of them. I AM saying that there are enough problems there that you cannot simply invest without investigation, for if you do, you are likely to be involved in many of the problems already described or in others. Even the most respectable of the lot is likely to be involved in them.

I have not told you how some manufacturers of defense or military hardware overcharge the Pentagon or how they influence military decisions on hasis of their own interests. Neither have I told you very much of the often cozy relationships that exist between these TNCs and government/military circles. I have said little about how TNCs often support oppressive right-wing regimes as in South Korea, Philippines (Marcos), Chile and South Africa. In fact, I have said virtually nothing about the last country. There are problems faced by workers that often suffer a variety of indignities. In short, one could continue for a long time. However, the point has been made and I count on your own imagination to understand the potential problems in other areas.

In this chapter, I want to clear up a very serious misunderstanding that could arise from this book so far. I AM NOT SAYING THAT TNCS ARE PRIMARILY RESPONSIBLE FOR THE SO-CALLED UNDERDEVELOPMENT OP THE SOUTH. There are many factors that have prevented their development or, what is perhaps a better way of putting it, that have warped their development. Some of these factors are deeply embedded in their own cultures.

There is the question of how it has been possible for TNCs to have such powerful influence in the South? Can they just impose themselves? Of course not, at least, not today. It is only possihle because governments allow them and the reason governments do allow them is frequently because government officials in one way or another derive personal benefit from approving the applications of TNCs to enter. And once a TNC has gotten a foothold, it develops further ties with prominent citizens who from there on will go to bat for these TNCs. I am speaking of the local managerial and business elite who recognize common interests: they see ways in which they personally can benefit from TNCs.

The result is what has often been called a "comprador" class of local elite businessmen whose interests are very different from those of the masses of peasants in their country. Patrick Wilmot expressed it well in relation to Nigeria. He wrote,

> To protect themselves from the wrath of the exploited indigenous population, the MNCs have created a parasitic native class of compradores and commission agent who serve as a buffer and transmission line between exploiter and exploited. The economic, political, bureaucratic and military fraction of this class see to it that the right "investment climate" is created and maintained for the MNCs [multinationals]. In return, the MNCs provide them with directorships, consultancies, shares or ontright bribes. And while they help to destroy the national economy, in the name of the nation they appeal to workers not to strike.

Wilmot is by no means the only one in Nigeria to so castigate the elite participants in the TNC economy of Nigeria. Onimode and his fellow writers of *Multinational Corporations in Nigeria* never tire of heaping loads of abuse on this class of Nigerians. He wrote,

> First, from colonial times, they [TNCs] shared a convergence of interest with the colonial government in the cultivation of a pliant domestic comprador bourgeoisie, who can be relied upon as intermediaries to suppress the mass-majority, secure corrupt contracts, licences, concessions and other favours for the imperialist looting of Nigeria. As imperialist commission agents, the domestic petty-bourgeoisie elaborates policies of underdevelopment like open-door policy on foreign investment for the mutual, though unequal, advantage of the foreign and domestic capitalists.

Usman refers to them as gatemen who collect tolls and for whom "genuine independence and self-reliance and opposition to imperialism... almost directly threaten their existence, since they are intermediaries of imperialist interests and cannot exist as a class without these interests prevailing."

If you detect a strong grain of contempt in the above, you are right and the contempt is well deserved. Unless you hear it with your own ears or read it with yoin own eyes, the garbage members of this group present to the public, their thinly-disguised rhetoric of self-interest and balderdash, is almost unbelievable. The public projects they can dream up for the benefit of the TNCs are beyond comprehension—unless one remembers the self-interest behind them—and they practically never turn out. When they do reach a certain level of completion you will find that they never achieve what they were portrayed to do. They always end up costing three times the original contract price—and they practically never benefit the poor for whose benefit these project are allegedly cooked up.

If you want to have the first reason for Nigeria's failure to live up to its post-independence dream, there you have it: the local comprador, the modern variety of the African slave merchant. And today's TNCs have been as eager to utilize this class as their forebearers were to latch on to African slave merchants. The oppression of colonialism in Nigeria was child's play compared to the oppression practised by this class of Nigerians. And though Nigeria may be one of the more graphic examples, she is by no means an exceptional case. The ouster of Marcos has gone accompanied by similar stories in the Philippines.

I basically agree with the description of the role played by these "compradors" and "gatemen" of the three writers above. My disagreement with them lies in our respective assignment of responsibility for this development. Wilmot and Onimode, to the best of my knowledge, claim to be Marxists, while Usman is a Muslim who has from all appearances been deeply influenced by Marxism. Marxists will place the weight of responsibility for the behaviour of the compradors in the lap of TNCs and capitalism in general, as if these people themselves cannot be held accountable or responsible for their own actions.

I place the greatest burden of responsibility on members of this group themselves. I reject economic determinism and, as a Christian theologian, I insist on the prime responsibility of each person for his action. These people must be assigned a major share of the blame for their acceptance and even encouragement of the scene as I have described it.

The participation of this comprador class arises from a combination of factors. For one thing, there is the businessman's instinct that is often frustrated in the Nigerian context and that finds an outlet in an exciting business adventure with international connections. I can understand that drive and appreciate its ready acceptance on the part of these businessmen. Another factor is sheer ignorance on the part of these compradors of the negative effects of many TNCs. On the whole Nigerians are uncritically enamoured with anything that seems modern and they assume that it will be good for either Nigeria or for themselves. There is a tendency towards blind acceptance. And then the bigger, the better. Whether the issue is white sugar or processed wbeat, both of which have nearly all the nourishment taken out of them, or buge bulldozers and tractors that usually soon become idle because no one can service them, or modern-iooking apartment buildings that do not provide adequately for ventilation in a tropical climate—as long as it looks modern it is welcomed. Nigerians suffer from a kind of hlind faith in anything that is modern—especially if it is huge. The third factor, and probably the most powerful one, is simple greed. TNCs are embraced by the business community because they are seen as a direct pipeline to personal wealth and other opportunities.

The above factors serve as part explanation for the eagerness with which Nigerian business people have embraced TNCs, but these factors do not absoive them from responsibility and guilt. I reject economic determinism. I insist on individual responsihility and freedom of choice.

Furthermore, there is an implicit insult in absoiving these compradors from responsibility. This notion is a frequent theme in the writings of Peter Bauer, a ieading British economist. Southern people are often portrayed as hlindly accepting things and ideas from the West, as "mere puppets manipulated by foreigners at will." As a missionary of almost 25 years in Nigeria, I can vouch for the fact that, except for the blind fascination i have observed with respect to certain aspects of modernity, on the whole Nigerians know what they want to accept and not accept. They accept selectiveiy, usualiy not blindly. Marxists, including Nigerian Marxists, insult the peopie when they so absoive them from responsibility for their own decisions and choices.

However, I hasten to add that I do not absoive TNCs for their part in these developments. TNCs have latched on to these people with great eagerness and encouraged them. Those who invest in such TNCs have co-operated in the nourishment of this worid-wide powerful group of compradors and gatemen who have sold their own people down the drain. The Western Christian community continues via their investments to undo what they expect their missionaries to accomplish, namely the establishment of churches that are economically as well as spiritually healthy and viable. Though I assign primary responsibility to members of the ciass themselves, TNCs and their investors definitely must bear a significant share of the biame.

I recognize another important factor, one more touchy than the oue discussed just now. I confess to a feeiing of trepidation in referring to it as a contributing factor because I expect many of my friends in Nigeria to be annoyed with me on this score. In an era wben it is fashionabie to uphoid African tradition as basically a noble but greatly misunderstood phenomenon, it takes some courage to point to it as a contributing factor to the kind of situations you have been reading about. However, it is my thesis that certain aspects of the spiritual and mental factors underlying traditional African culture impede the free development of its people. When creatures are impugned with divinity and powers that men fear and that prevent them from careful analysis and experimentation, development in the modern sense, including science and technology, is greatly stymied. The basic spiritual requirements for development are not there. African tradition creates a false bondage. I am saying that wrong or false religion has been a hindrance to African development. This hindrance to modern development is internal to Africa and cannot be blamed on any external agencies like TNCs.

Allow me one example, a local one that is very typical. The Institute of Church and Society with which I am associated is running a community development programme. Under this programme one community dug some wells that soon collapsed. The reasons for the collapse were quite understandable and even predictable for any expert. However, the community was hesitant to take up the project again because they believed that the collapse was not due to mistakes they made so much as by witchcraft practiced by enemies of the development programme. This belief is an expression of the animistic spirit so strong in the souls not only of adherents of traditional African religion, but also amongst African Christians, Muslims and Marxists. That animistic spirit prevents the development of a sense of personal responsibility, for it forever leads people to seek external causes for their problems. The wrong assignment of the cause makes it impossible to identify the solution. For too long, Africa has been blaming others for her basic problems and rejected any responsibility for herself.

I have a strong suspicion that this traditional attitude must be taken into account when one analyzes the reaction of many African Marxists to capitalism. Marxist theory provides them with a ready-made, respectable and modern tool to practice what comes naturally to a soul saturated with traditional attitudes, regardless of one's official religion. The Marxist cover up is most effective and is probably only discernible to the foreigner who has lived for many years in cultures traditionally animistic. As a missionary pastor, I have observed both the positive and negative effects of this spirit in the lives of the people. It has created a mindset, an attitude, a mental habit of always rejecting responsibility for wrongdoings. This spirit forever assigns misfortune to external forces and prevents people from recognizing their own responsibility. One may officially reject animism, but the mental habit is not that easily broken.

I hasten to add that the last few years the Nigerian press has begun to accept a much greater degree of responsibility of Nigerians themselves for the plight in which they find themselves. This is a great step ahead and a prerequisite to improvement. I have been reared in the tradition of the Heidelberg Catechism which states that one of the first steps to salvation lies in acknowledging my own sin and misery. The profundity of this statement is not to be confined to an ecclesiastical creed; it is directly apropo to the development or underdevelopment of nations.

Another aspect of religion is the type of work ethic it encourages. A culture in which religion does not encourage work and initiative as having value per se, a culture in which it is degrading to be seen carrying anything or getting one's hands dirty, is sick and is not likely to develop in a healthy direction. This situation obtains in Nigeria. Governments in Nigeria have recognized it and have sought occasionally to encourage a better work ethic.

Note well. Lack of work ethic does not mean laziness. Many Nigerians at all levels work incredibly hard. Many never rest. However, for most it is a matter of reward. The work has no merit of its own and usually does not produce satisfaction or healthy pride in achievement. Those who decry the Protestant work ethic need to live in a culture where there is a basically negative work ethic and they will soon be cured of their bias.

Closely associated with the lack of work ethic is greed and corruption: the desire for quick gain without putting forth any real effort. There is no country without corruption, but the southern countries have more than their share of it. The result is that all economic efforts are sabotaged time and again. This is true especially of government establishments and parastatals. They are subject to re-organization without end, but basically to no avail, for corruption and greed cannot be done away with by such measures.

This, too, obtains in Nigeria and no Nigerian will deny it. Every edition of every newspaper carries the stories of daily corruption. The result is a country that has wasted billions of its oil income. At the time of writing, April, 1990, certain documents are making their rounds among the people that allege the illegal transfer of billions of dollars into the secret foreign bank accounts of some of the country's highest officials. Other documents allege similar secret transfer of $21 billion into the coffers of Islam in Africa Organization to be used for the islamization of the country. The documents have the mark of not being legitimate. The point is, however, that enough of such transfers have taken place in the past, that the people are ready to accept them at face value. These rumours are matched only by those circulating about Philippine's Marcos. The country has been bled dry. This situation also effectively keeps the people poor and the nation underdeveloped.

There are still other aspects of African tradition that have helped warp developments. Fatalism, the feeling that nothing can be done to change the situation, is an important reason the peasantry does not rise up against the oppression to which they are subject. Related to fatalism is a stifling conservatism that measures all things by the tradition of the ancestors and thus has no room for experimentation and novelty. Similarly, the strong sense of hierarchy and obedience also prevent the peasantry from resisting their exploiters. And, it must be admitted, the widely prevalent moralistic emphasis of the Christian church in Africa is not fertile soil for the development of emancipation theology.

All of the above are important factors in the warped developments that have taken place in many Southern countries. They are internal reasons, inherent in the cultures. They are, I maintain, the DOMINANT reasons for their present condition. I thus reject the theory that the poor conditions in the South are the responsibility of the North or have been created by the North and its TNCs.

But there are also external factors that have contributed to the warped development of the South. When I reject that the North is the main cause for so-called underdevelopment, I do not deny that the North has contributed greatly towards it. Slavery cannot be blamed solely to the West, both Africans and Arabs played dominant roles. But the West did participate and helped create chaos in the continent. Colonialism did harness much of the South to the economic interests of the West to the detriment of the former. And neo- or postcolonial structures, of which TNCs are among the dominant examples, have continued to develop patterns of dependence on the West created during colonialism. The many stories you have read about the effects of TNC policies on the weak of the earth should have made it clear that TNCs often bring more problems than blessings—at least, for certain segments of the population.

Even the fervent defenders of capitalism whose writings have been collected in Frankly Schaeffer's *Is Capitalism Christian?* admit that capitalism "without the inspiration and moral framework provided by Judeo-Christian values, will degenerate into ugliness and repression and lose its dynamic character." Again, "Capitalism without the moral underpinning of the Decalogue and the inspiration of the Beatitudes soon degenerates into self-destructive greed." In fact, Warren T. Brookes argues that such degeneration has already taken place. Referring to the American scene, a major thrust in Schaeffer's book is that "to the degree ... organized religion has decayed and the attachment to the Judeo-Christian tradition has become weaker, to that degree capitalism has become uglier and less justifiable." Capitalism has not always brought spiritual well-being. The same Evangelical writers accuse corporations of many of the same things you find in previous pages in this book. Corporation boards are said to

> have allowed the ethically neutral business-school mentality to substitute its accounting manipulation, cash-flow thinking, and the tax-accounting logistics of mergers for the real vision of growth through the metaphysical process of creativity, invention, and true enterprise. It is this decline in creative vision that has led to the increasing spiritual impoverishment of executive suites.
>
> The American economic scene is littered with the wreckage and evident deterioration of companies that for too long have ignored creative thinking and basic research and development, as well as the changing patters of real human needs, while fixating on this year's balance sheet. Automobile companies, railroads, and the steel industry are examples of how excessive profit orientation has produced not more growth and profits, but less.
>
> There is a profound metaphysical reason for this experience. It arises from a failure to understand the real nature of profits as savings and their basic purpose, not as an overarching goal in and of themselves, but as an ethical and moral discipline, a standard of efficient performance, and ultimately the product of self-denial. Savings (including profits) are the result of the willingness to put aside immediate gratification and consumption for the purpose of increasing future good. In this sense, then, profits... are the economic expression of the spiritual and moral ethic of self-control, the willingness to check our purely animal instincts for short-term pleasure, and to sacrifice our most selfish desires in order to achieve a much larger reward— specifically, more real dominion over our human experience and more secure well-being.
>
> Unfortunately, the corporate-conglomerate scene is all too often dominated by the myopic slide-rule mentality that is interested primarily in the next stockholders meeting, the next merger move, the next hearing in Washington. The substitution of short-term self-gratification for the self- denial of genuine creativity (which is the true compassion of the entrepreneur) is cause for alarm.

In other words, even some prominent Evangelicals like Franky Schaeffer who strongly support capitalism affirm the problems I have sought to outline, if not in detail, at least in principle.

Nevertheless, my argument is NOT that TNCs or capitalism are THE main cause of warped development in the South. There are too many internal obstacles to genuine development, only a few of which I have sought to summarize superficially. My attempt has been to undermine the myth that TNCs are an invariable source of blessing to the people of the South. My mission is to convince those who invest either individually or communally as, for example, denominations, that the behaviour of many corporations is contrary to the basic elements of the Christian mission in this world and to Christian ethical teachings. TNCs are frequently expressions of worldly wisdom that the Bible exposes as foolishness as in I Corinthians 1. They have so many problems associated with them that only an ignoramus can think of his investments as certainly contributing to the welfare of host peoples. The problems created by TNCs are so many that any investor with any ethical sense at all cannot escape the moral obligation to investigate the effects of his investments on people. It is irresponsible to simply assume that your investment spells blessing. It is more responsible to assume that a TNC produces at least as many negatives as positives until proven otherwise. IT IS THUS UP TO THE RESPONSIBLE INVESTOR TO MAKE SURE HE IS NOT PARTICIPATING IN FURTHER WARPING DEVELOPMENTS EITHER AT HOME OR ABROAD. Put in more positive terms, it is the responsibility of the investor, certainly of the Christian investor, to make sure that his investments are used for the wholesome development of communities, that they contribute towards the Kingdom of God and its righteousness. Any other reason for investment falls short of the Christian imperative—and so does the failure to investigate how your investments are being used.

My friend, Timothy Palmer, comments that since I am bringing up all these problems, the main responsibility for correction lies with me. It is my duty, according to him, to present alternatives for the harassed Christian investor who now is left with no legitimate place to lodge his money. I disagree strongly. Though I will try to contribute to the debate in the next part in this book, the main responsibility lies with those who have created the problems, the investors themselves and their corporations, not with those who recognize and expose them. The failure to apply the insights of Christian mission and ethics to our financial dealings is the fault of the investors—individuals, churches and whatever other structures they have created to manage their wealth—not primarily that of the one making them aware of the problems they have created.

As I draw this part of our study to a close, I recall a statement by Mark Dowie: "The primary interest of investigative reporting in the USA is crime and fraud—illegal activities. In fact, most of the horrendous things that are happening in the USA are perfectly legal." In Part II I have been concerned largely with legal activities, those permitted and even encouraged by the Capitalistic system, but which are nevertheless far below Christian standards.

Part iii

Western Churchs and Transnationals

chapter 12

Ecumenical Critical Participation

INTRODUCTION

Having looked in great detail at some of the problems associated with TNCs, I want to explore with you how the churches, particularly Western churches, relate to these corporations. I will describe the investment practices of some churches, their members and of some related Christian organizations. Special attention will be paid to the World Council of Churches (WCC) and other ecumenical bodies. The Christian Reformed Church will also come under close, detailed scrutiny. I will also investigate with you the so-called shareholders' movement and other approaches in order to appreciate the efforts of the churches to straighten things out. Finally, I will entertain questions about possible alternatives in the context of biblical concerns. Once we have traveled that road together, we will have come to the end of the first stage of our journey. After that, it is up to you what you are going to do about your own investments and those of your church.

In this particular chapter I want to show you how some ecumenical Christians, their churches and related Christian organizations participate in TNCs. Though there have been long periods in which Christians have been at least theoretically negative with respect to economic activities, by the time we get to the 19th century, one finds that Western Christians on the whole have come to accept the basic elements of Capitalism. Hence, one should not be surprised to find them investing wholeheartedly in TNCs. Churches, other Christian organizations and their members have developed into a potentially strong investors' force, especially in North America. This potential becomes even greater when this investors' power is wedded to their great religious influence.

Shortly after World War II, many denominations joined to organize the WCC in order to work together on common issues. Organizations that had existed for some decades were merged to form the WCC. Some of these organizations, especially the International Missionary Council (IMC), had often drawn attention to the problems modern industrialism and TNCs were creating in the South. As the number of Southern voices increased in the WCC, theirs were added to the older voices, a process that rapidly served to make the WCC and its members conscious of Southern problems, a number of which were created by the North—though by no means all of them! Economic hardships either encouraged or created by TNCs became the centre of increasing attention. This led eventually to the awareness that many members of the WCC themselves were involved in the creation of these problems through their extensive investments. Hence the origin of ecumenical interest in the world of TNCs and investment questions. Hence also the tension that many ecumenical denominations experience as they realize they have voluntarily, but uncritically, entered the world of TNCs from which they can find no exit once their involvemement reacbed a certain level.

Once individuals or organizations wbo want to invest their money in corporations have decided they want no part of the negatives associated with corporate culture, they face some real problems. Where can they go? Are all corporations bad per se? How can one find out about these things and bow can these negatives be avoided? Is there an alternative besides burying your dollars in the ground or squandering them? These hardly seem like viable alternatives. Or should individuals or organizations, especially Christians, simply get rid of any extra dollar they possess so that the problem disappears?

I hope that this and the following chapters will shed some practical light on these questions in such a way that you become aware of your potential power to influence situations—and of the responsibility that comes with this new awareness. Remember: knowledge is power and responsibility both. If Part II gave you a feeling of bopelessness, Part III should encourage you towards bope—but not without bard work.

There is a large number of books and magazines, written from a variety of perspectives, devoted to various aspects of our topic, more so than the bibliography at the back indicates. In addition, there are many organizations, both secular and Christian, who concern themselves with these issues. It is to those that I now turn.

There is no way I could describe all of the above adequately in the space available. The material ahead is basically meant to provide you with a sample of these organizations and their activities. It will show you wbat is and can be done. I expect that you will be surprised to find that there are so many organizations, especially Christian, involved in these affairs.

GENERAL STATISTICS REGARDING CHURCH INVESTMENT PRACTICES

As Frank White put it, the Church in America is very much a part of the system which it is attempting to reform. It is a slumlord, it owns huge office buildings, runs profit-making businesses, and makes millions of dollars from its investments in companies that build the weapons of war, pollute the environment, discriminate against minorities, produce unsafe or unhealthy products and exploit both human and natural resources overseas.

White asked who it is that runs the business of the church. Here is a list taken from a study of seven Protestant church national investment committees showing their chief officers' connections to the corporate world.

Board Chairman, Price Waterhouse (retired)
Treasurer, Eastman Kodak
Vice-President, Dun and Bradstreet (retired)
Executive Vice-President, Chemical Bank (retired)
President, First Federal Savings and Loan Association
Vice-President, Manufacturers Hanover Trust Co.
Board Chairman, Bank of New York (ret)
First Vice-President, Federal Reserve Bank of New York
Treasurer, Provident Mutual Life Insurance Co.
President, National Life and Accident Insurance Co.
President, Equitable Life Assurance Society
Vice-President and Treasurer, General Electric
Deputy Treasurer, Exxon
Vice-President, Equitable Life of Ohio
Senior Vice-President, Prudential Insurance Co.
Vice-President, Penn Central Railroad
Vice-President, Chemical Bank.

Clearly, people soaked in corporate culture are very dominant in ecclesiastical investment organs.

Turning to specifics, in 1977, Craig wrote that "the investment holdings of all US religious bodies total over $20 billion, making the churches a significant economic as well as moral force in US society." I do not know bow she arrived at this figure, but I suspect that, investors normally being secretive, if that much was known, there must have been another considerable proportion that was not known. Because of surrounding secrecy, statistics in this area often vary wildly. A United Church of Canada (UCC) document of 1973 claimed that US churches, by a generally accepted estimate, had \$160 billion in real estate and investments—more than the combined assets of AT&T and five leading oil companies. Of that, Protestant denominations held \$22 billion in securities.

Since those years, the churches in the US have greatly increased their holdings. By 1980, the member bodies of ICCR had a combined portfolio of over \$8 billion—and many denominations are not members and thus not included in these statistics. ICCR, in its annual report of 1987-1988, reported that the corporate responsibility movement in the USA represented an investment portfolio of over \$500 billion, but this figure includes certain non-eclesiastical bodies as well, while many denominations are not included. Complete statistics of church investments are impossible to obtain, but the figures available do indicate rapid growth of these portfolios. The churches are among the major investors.

THE WORLD COUNCIL OF CHURCHES

The World Council of Churches (WCC) and its predecessor, the International Missionary Council (IMC), have from their inception struggled seriously with issues of social justice. The WCC has come up with a short formula or criteria by which it analyzes all human social affairs, including those of political and economic nature. The formula reads: a "just, participatory, sustainable society" (JPSS).

In a report to the WCC, we read, "The goals of such a society, and the radically new process of development and liberation necessary to achieve them, must have the following included in their general thrust:

(a) social justice

(b) desirable forms of economic growth, based firmly on collective self-reliance

(c) sharing rather then competitive economics

(d) freedom to organize and just returns for labour

(e) mobilization of the people, less developed countries' greatest resources

(f) community ownership of resources

The WCC's Commission on the Churches' Participation in Development (CCPD) instituted a study programme on TNCs. In the context of that programme, a number of regional conferences were held throughout the world. Much material was collected during these conferences and many insights into the problems created by TNCs were gained. All of this was capped by an international consultation in Bad Boll, West Germany. These conferences were attended by people from many relevant professions: church representatives and theologians, economists, social scientists, business people and community organizers. A considerable number of publications was published on these topics by the WCC, but which are expensive and not readily available to the general public.

In the words of Marcos Arruda, a key participant in this programme, its purpose was

> to motivate churches and the ecumenical movement to seek understanding about the role of these powerful socio- economic entities, both as agents of world economic growth and as accomplices and beneficiaries of growing economic inequality, hunger, poverty, unemployment and dependency which afflict most of the world's population today. From the beginning, it was stressed that... faithful to the witness given by Jesus who preferred to live poor among the poor as a suffering "servant", the programme should look to the vastness of these issues from the perspective of the poor, powerless and oppressed of this world.

Thus the aim of the programme was to analyze TNCs according to the JPSS perspective and to disseminate the findings among the churches in order to stimulate them to take action in their own locality on behalf of and with the poor. The programme also included dialogue with business leaders about the problems the poor have with TNCs and the inherent logic of TNCs. This dialogue took place in the context of meetings of WCC staff especially with the International Christian Union of Business Executives (UNIAPAC). Dialogue was also begun with leaders of trade unions and other representatives of the labouring people.

Though the issue of South African apartheid was not a main one in this particular programme, there was a great deal of interaction between this programme and another that dealt more directly with that issue, namely the Programme to Combat Racism. Reading of the documents shows how much cross-fertilization took place between these two groups within the WCC. In addition, the WCC held lengthy discussions with a number of banks in which the WCC invested its money and which dealt with South Africa. The Council decided to close her accounts with those banks before others joined the campaign to divest from corporations doing business with South Africa.

It is also in the context of these concerns that the WCC established the Ecumenical Development Cooperative Society (EDCS) with its headquarters in The Netherlands. It represents an effort to establish an alternative financial structure that will be more responsive to the needs of the world's poor. Its purpose "is to mobilize financial credit and resources in order to further development of the poor areas of the world" and that "in a manner consistent with the moral and social principles of the WCC." It has also been described as a "model for action in development co-operation" which would show churches how they can make at least some capital available for "long term, low interest loans in projects and programs designed hy the poor themselves leading to their self-development, social justice and participation in their economic growth." It is an example of an alternative how "not to seek always after the highest possible return... but to seek a different return along with a yearly dividend, a return that brings involvement with the poor and powerless in our world." Since the capital for this venture is miniscule compared to that of the large banks, the programme is also described as "symbolic," even though it is having very concrete financial effect on various poor groups throughout the world.

Yet another phrase to describe the work of EDCS is "mission through investment," a term that clearly marks this effort as a genuine alternative to the thinking of the average Christian who tends to see mission and investments as two very different and unrelated concerns, except that the latter may raise money for the former. But to see investment itself as a mission? That is not only highly unusual, but also highly revolutionary in a capitalist setup. It becomes even more revolutionary when it is realized that this is not mere theory, but it is actually carried out in practice—and it works, according to EDCS reports.

In 1989, membership stood at 237 churches and other Christian organizations. Total assets stood at $35,476,000. 114 projects had been approved for soft loans, almost all of them in the South. The terms of the loans vary from 5% to 11% interest and they mature from 7 to 15 years. Beneficiaries range from a project creating 15 jobs in Liberia to a large cooperative of 130,000 in Uruguay.

The CCPD programme discovered an unequivocal conflict between the logic of ecumenism and the logic of transnational capital.

> TNCs cannot be converted to ecumenism. Their economist, exclusive and hierarchical logic makes this impossihle. The ecumenical movement cannot compromise its commitment to a holistic, human-centred approach to development and its prime commitment to the poor except at the price of its own soul.
>
> The capitalist system and its TNCs are incompatible with our vision of a JPSS. It is, therefore, a duty of churches and the ecumenical movement to side with the poor and the oppressed in the search to

define a new strategy for human development following a logic and a value system consistent with the vision of a JPSS.

There is an antithesis between the WCC's criterion of JPSS and the world of TNCs. This antithesis is often located in the logic of the two views, in the very rationale that drives both worlds. The logic of the one is that of the poor, while the logic of TNCs drives them towards expansion, efficiency, expensive technology and profit. It is a logic that separates economics and business from any normative concerns apart from those of the market economy. Part II has shown us that this logic frequently is in direct confrontation with the needs of the poor, not necessarily because of the immorality of individuals within TNCs so much as the very logic behind the TNCs.

When one reads WCC reports and other publications dealing with these questions, they sometimes give the impression of ideological rhetoric, partially because they are rather general. Unlike magazines like *Multinational Monitor*, CCPD publications seldom tell stories about specific TNCs in specific places. Not only are these publications too general, they are often too scholarly and professional for the average person to understand. Roger Van Drimmelen, an economist associated with the programme, explained that the reason for this tendency is that the WCC had to prove to the professionals that it knows what it is doing in the field of economics. That may be so, but it is rather strange that a body which professes to look at everything from the "underside," from the perspective of the poor, cannot produce literature written about and on behalf of those poor that the poor themselves can understand in any way! The WCC tries to be revolutionary, but genuine revolution will not come from the top. If at all, it will come from the victims themselves once they have become aware of their power. The WCC is conscious of that, and it is high time it tailors its publications to that consciousness.

Another feature of WCC literature in this area is that they leave no doubt about the participants' rejection of capitalism. In fact, the literature attacks capitalism as antithetic to the ideals of the WCC and no common ground is recognized. However, one is not so sure about socialism. Though at the initial founding conference in Amsterdam both capitalism and communism were rejected, much of the literature tends to favour socialism. Sometimes it is openly avowed.

In spite the above strictures, I am grateful for the WCC's efforts in this area of concern. My own church, the CRC, and other so-called Evangelical churches tend to berate WCC concern with these issues, but my own denomination has done little to help me in my struggles. Instead, it tends to ignore its own potentially revolutionary heritage and is very much part of the happy family. I am forced to look elsewhere for guidance. The WCC is deeply aware of the relationship of our Christian mission and our economic behaviour as well as of the Bible's special concern for the poor and oppressed. No Christian organization is so serious about helping the victims of the TNCs, not by sidestepping the basic problem, but by searching for the heart of the politico-economic problem. Though I may not always agree with her specific interpretations, I salute her for doggedly pursuing oppressive corporations. I am grateful for having helped me understand better issues my own tradition largely ignores, but which are of deep missionary concern to me. I deny Evangelicals, including the CRC, the right to reject the WCC for her social efforts until they put up a similar struggle for the poor that seeks to penetrate to the heart of the economic problem as well as that of the spiritual problem of the poor. I deny Evangelicals that right until they struggle with the same doggedness to relate the Christian mission to economic problems in the creation of whicb Evangelicals participate.

TASKFORCE ON THE CHURCHES AND CORPORATE RESPONSIBILITY

In addition to the global WCC, there are a number of national ecumenical bodies that deal with similar issues. Canadian churches bave established a Taskforce on the Churches and Corporate Responsibility (TCCR), which boasts the membership of all major denominations, including the Roman Catholic Church. Members of the Taskforce, in the spirit of the WCC's formula of JPSS,

> have committed themselves to respond to the needs of vulnerable population groups wherever the decisions of Canadian banks or corporations appear to have an adverse effect on people who have no power to affect those decisions themselves. Denominational representatives urge corporations and banks to correct policies and to cease activities that contribute to social injustices. They are in turn supportive of private sector endeavours that are socially sensitive and responsible.
>
> In raising questions about the social impact of business decisions with Canadian corporations and government, the churches speak not only as shareholders, but also as major Canadian institutions. They are themselves struggling to change their own behaviour to reflect "God's preferential option for the poor." They are painfully aware that these efforts remain inadequate, but they are also mindful of the fact that justice cannot be delayed until each has reached perfection.

The Taskforce does not restrict itself to the Canadian scene. It is also concerned with the effects of Canadian corporate and governmental decisions on people in other continents, especially in Latin America and South Africa. Specific issues of concern have included government and corporate decisions or actions in the field of justice in general, ecology, international debt crisis, the militarization of Canadian manufacturing and exports as well as nuclear energy issues. In additioo to being researched, these issues are pursued in contacts with corporations and government by means of private discussions, correspondence and sending of reports and issue papers. Staff also participate in conferences.

The Taskforce has no investments in any corporation, but its members do. As such, members frequently send their representatives to shareholders' meetings where they present their proposals, often representing also fellow members of the Taskforce. A reading of the records of some of these meetings indicates that these representatives often present controversial and difficult issues in a professional manner, even though they are not usually welcomed by management and fellow shareholders who want to get on with the business of making money without being disturbed by bothersome questions. At that point, Canadian corporations and their shareholders are forced to respond to hard-hitting Christian witness in the marketplace. The TCCR's proposals are usually voted down, but they cannot be ignored. After such presentations, shareholders can no longer claim ignorance about the effects of their investments at home or abroad.

One very important service the Taskforce renders to interested subscribers is the monthly circulation of relevant oewspaper clippings as well as reports of TCCR's dealings with corporations and government. The contribution of TCCR by means of that service to Part II of this book is considerable. In addition, the Taskforce engages in the publication of small books, such as *Investment in Oppression*, an expose of Canadian involvement in apartheid. Again, like those of the WCC, such publications are not readily available to the general public, except through the persistence of local congregations or people with special research interest.

In Chapter 13, I detail the appearance of ethical and alternative investment vehicles in the country. As soon as TCCR recognized this developement to be a wave of the future, it immediately became involved by running workshops in 1986 and 1987 oo the subject and by publishing documents presenting the public with detailed information as well as tentative evaluations. These documents are very useful for anyone contemplating going that investment route.

An unsympathetic interpretatioo of the work of TCCR is that they are merely trying to relieve their conscience by presenting proposals they know will not be accepted. At least they have tried! It is no longer their responsibility!

A perusal of TCCR's documents betrays such an intensity of concern that describing their program as hypocrisy is simply nonsense. It is, rather, an intense missionary thrust into the world of economics and business that may be hard for an outsider to understand. Only when one recognizes investment and economic activity in general as areas and tools of Christian mission can she understand the deepest motivation. It is thus no wonder that many Evangelicals do not appreciate the efforts of TCCR, for the former's concept of mission is too narrow.

Neither do the facts support the charge occasionally raised that the Taskforce and its members are inspired by Marxism. One thing that should be noted here is that the members of the Taskforce do NOT oppose the idea of corporations itself or of private enterprise. They are themselves investors in many of these corporations. The point of this crusade is not to undermine these corporations but to make them more socially responsible. TCCR supports private enterprise, but then it must be RESPONSIBLE private enterprise, not the kind that will pursue profit at the cost we have seen in Part II.

INTERFAITH CENTER ON CORPORATE RESPONSIBILITY

The TCCR has its American counterpart in the Interfaith Center on Corporate Responsibility (ICCR), an organization that counts 18 Protestant denominations, most of them members of the National Council of Churches, as well as more than 220 Roman Catholic organizations among its members. An ICCR pamphlet defines it as "an organization of church and religious institutional investors concerned about the social impact of corporations and the application of social criteria to investments."

In order to describe what ICCR does, I can do no better than to quote from the pamphlet and thus let the organization speak for itself:

The ICCR exists to assist its member agencies to express social responsibility with their investments by:

1. facilitating exchange of views and sharing of research and information in an attempt to produce a more effective use of investments to support the social policy and program objectives of the participating groups;
2. developing strategies in which member groups may decide to voluntarily act together;
3. receiving and considering proposals for projects for action by one or more member groups;
4. conducting research on general issues and specific concerns relating to corporate social responsibilities;

5. providing staff services to the various work groups of the center.

WHAT DO ICCR MEMBERS DO?

> [Members]...use a variety of methods. One major way of approaching companies is the shareholder resolution. ...any shareholder has the right to submit proposals on certain policies and practices of the corporation for consideration by all shareholders at the company's annual meeting. Church investors have utilized this method to raise questions about social issues, requesting information or asking companies to take specific actions. (ICCR itself does not own stock and rarely acts in its own name.) in virtually every case, these shareholder proposals were preceded by correspondence and meetings with management in an attempt to reach some agreement about the matter prior to submitting it for a vote by all shareholders.
>
> Member agencies initiate and participate in a number of activities, such as: public hearings, testimony before government and other agencies, on-site research, open letters, litigation, publishing information and providing resources for church constituencies, boycotts...
>
> Although there is some change from time to time in the issues receiving attention, they include the following: community reinvestment, domestic equality, energy and environment, international health, infant formula, pharmaceuticals, international justice, militarism and systemic analysis (ICCR pamphlet).

The ICCR is an active publisher, circulating their monthly *Corporate Examiner*, in which reports are given of new activities and developments as well as of recent publications of others. Also each month the CE contains a so-called "ICCR brief" in which a relevant issue is examined in depth. In addition, the Center publishes a variety of pamphlets and books, one of the most interesting of which is A Shareholders' Manual by Eleanor Craig. In this work, everything a shareholder interested in influencing "her" corporation needs to know is explained: her legal rights, methods to be followed, matters to be taken care of, resources available, etc. It is, of course, written for the American context, but it can be of value to anyone interested in any country where there is free enterprise and an investing public.

ICCR also publishes broadsides on a variety of related subjects. There is one giving information on socially responsible mutual funds and advisors for responsible investments. There is another with news about community development projects. ICCR has developed a directory for alternative investments. And then there is the report with the title Church Investments in Minority Owned Banks and Savings and Loan Associations. All in all, one who utilizes the services of ICCR in the US or of TCCR in Canada will gradually gather a lot of information that can help her towards responsible investments. Arguments about the difficulties of getting information are no longer valid.

Like their Canadian counterpart, ICCR and its cohorts have been accused of Marxism. Some years ago, Herman Nickel, a one-time Reagan nominee to the post of US ambassador to South Africa, wrote an article in *Fortune Magazine* in which he blasted the social justice programmes of American churches under the title "The Corporation Haters." He branded churches participating in the movement as "Marxists marching under the banner of Christ." He wrote this article in the context of the Ethics and Public Policy Center's programme opposing the infant formula campaign against Nestle and other corporations. The above Center's programme was allegedly supported by Nestle to the tune of $25,000 and by Bristol Myers at $10,000, both producers of infant formula and both aggressive distributors of the product throughout much of the South. It is possible that this funding is irrelevant to the charge!

Nickel's allegation is obviously false. A perusal of the programmes of both ICCR and TCCR as well as of investment practices and concerns of member churches belies any such accusation. These ecclesiastical shareholder activists are very much part of the corporate culture and among its heaviest investors. They are corporation lovers, not haters. They are capitalist more than communist, though capitalist with a critical difference in their insistence on social responsibility. They heavily depend on the income they derive from their shares, especially for the retirement of their employees.

ICCR is by no means the only American organization involved in shareholder activism, but it is definitely at the center of that movement. Its Annual Report of 1988, contains the following upbeat affirmation.

> Since 1971 the churches have been building a movement of investors and consumers, which has convinced over 150 US corporations to sell their South African assets and US banks to stop loans to racist South Africa. They persuaded numerous corporations to publish equal employment opportunity reports, expand minority purchasing programs, withdraw harmful and ineffective drugs from the market, change labor relations practices and halt dangerous baby formula marketing practices in the Third World, to name but a few

> accomplishments.
>
> In September 1988 over 350 guests joined the ICCR Board of Directors and staff... to celebrate 15 years of ICCR leadership of the corporate responsibility movement. Celebrants included representatives of churches, social investment funds and brokers, labor unions, state and local pension funds, corporations, locally-based community development and economic self-help organizations and national and international peace, antiapartheid, environment and public health groups.
>
> This movement has grown to include activist churches and public and private persion funds with over $500 billion in total invested portfolio worth and ability to make a tangible difference in corporate behavior.
>
> ICCR members know that investors with a conscience can make a difference in corporate decision-making.

Anyone of whatever nationality interested in pursuing these issues can do no better than to subscribe to TCCR's *Corporate Examiner*. From there she will be able to branch out to many different issues and organizations referred to in its pages. It is a veritable goldmine of current information on ongoing developments.

ECUMENICAL STUDY AND ACTION CENTRE FOR INVESTMENTS

In a number of other countries there are kindred ecumenical organizations, each with a focus appropriate to their own locality. For example, in The Netherlands there is the *Stichting Oecumenische Studie en Actiecentrum voor Investeringen*, which could be translated "Ecumenical Study and Action Centre for Investments." It has an impressive library that includes much information about specific TNCs as well as other books and reports. Its aim is to provide information to stimulate the Christian community to exercise their ethical responsibility in the realm of the socio-economic, both national and global. It has published a number of studies, including one that explains the financial affairs of some of the major Dutch churches, the role of banks and various alternatives for investments. It has a report on the social responsibilities of TNCs and on a number of other related issues.

UNITED CHURCH OF CANADA

Most of the members of TCCR and ICCR also have their own denominational programmes for responsible investments. Often these activities are carried out in conjunction with other members of TCCR and ICCR via the mediation of these two ecumenical organs.

In Canada, one of the most vigorous programmes is that of the UCC, the church that through the years not only has contributed more money to TCCR than have the other members, but whose staff members are also very prominent in TCCR's programme, with William Davis, the Senior Financial Officer in the Division of Finance, frequently attending annual meetings of corporations in which UCC and other TCCR members invest.

This denomination is a fairly heavy investor. Again, it seems not possible to get exact statistics, but a list of the corporations in which this church's Division of Finance invests includes many Canadian and other giants, including some of the large Canadian banks, Shell Canada, AT&T, Pepsico, and Salomon, a company described by Michael Lewis as at one time the "indisputable king of [bond] traders" and at the "epic center" of the investment world.

The UCC it is not content to simply squeeze the most out of the market. According to a November, 1990 letter of Davis, it is "conscious of any situations which suggest a need to raise a corporate responsibility issue and that they [the companies in which the church invests] have no known practices that represent serious violations of the guidelines that govern our portfolio." Its official policy is to ensure that its investments do not make it partner to oppression anywhere in the world. According to Davis, UCC was the first church in Canada to file shareholder resolutions.

The UCC Committee on Investing Church Funds for Social Purposes back in 1973 published a pamphlet with the title *All That Money Can Buy*, that was one of the first I had ever read on the subject of social investing from a Christian perspective and which I found moving, profound and biblical. I would beg the UCC to update that booklet and reprint it. It is a very good exposition of the problems and easily understood by the average person. It outlines the ethical problems of the Christian investor, describes the investment situation in the UCC and also gives some suggestious as to what an investor can do.

The UCC's investment Committee created a document entitled "Corporate Responsibility Guidelines," from which the following quotes are taken. At the Committee's early beginning,

> it was recognized that it is present policy not to purchase investments

in companies whose products had negative or doubtful social value, e.g. breweries, distilleries and tobacco. It was pointed out that in addition perhaps the Church... should also extend this practice to any companies whose policies and practices have a flagrant disregard for the preservation of a suitable standard for the human environment and for the social system.

It was also agreed that the Church should take more action as a shareholder to support and encourage management in efforts to correct social ills and combat pollution and to express concern or disapproval where companies appear to be falling below acceptable standards... If... there is not a reasonable effort to correct the deficiency on the part of a company whose practices fall below suitable standards, the Church should divest itself of this investment.

In 1971, the UCC General Council adopted the following:

It is the shareholders who have provided the capital to established the corporation and they have the right and responsibility to tell management that their performance will not be judged purely on the financial success of their corporation.

Shareholders should concern themselves with the effects of the product and management practices on the whole structure of society.

The Investment Committee decided on a grid by means of which they would analyze the social effects of the corporations in which they invest. It was recognized that it is impossible to research every issue related to social responsibility and that therefore a priority grid was needed. Thus it was decided to watch corporations in the following areas: environmental protection, fair treatment of minority groups, conservation, contribution to community, and the racial question in the Third World, particularly apartheid. There were other areas that also needed constant scrutiny, but it was thought they were better dealt with by legislation, namely equal pay for equal work and fair advertising, "etc."

It was also decided to engage a parttime person to guide the UCC in social investment concerns. Social audits were undertaken by external auditors. That means the investment portfolio of the UCC was analyzed not only for its financial returns but also from the point of view of the grid items listed above. Were the investments placed with corporations that stood up well under the scrutiny of that grid? Since then, UCC personnel have become pioneers in external social audits and have frequently been called upon by other groups to help them in this area. The UCC has also sought to encourage corporations to include social audit in their normal structures as well as social responsibility committees. Davis explained in a recent letter that since the idea of social audit has taken hold in wider circles, UCC's focus has moved on to other concerns that are not yet getting the attention they deserve, an action in keeping with the church's general policy in this area and that guarantees UCC's continued and well-earned posture and reputation as a pioneer here.

Not only has UCC concerned itself with corporations in which they invest, but they also have seen themselves as a major institution in Canadian life in general and, as such, responsible to play their part in the community. In this context the international scene came in focus. The church decided to convince the entire private sector in Canada to suspend further financial involvement in South Africa and, for those operating in that country, to commit themselves to policies that actively undermine apartheid. In view of the fact that many members of the UCC are involved in corporations, it makes sense for the church to guide such members in such concrete ways.

Though representatives of members of TCCR often present their cases at annual meetings in the midst of fellow shareholders, and though such presentations may be more dramatic than some other approaches, it is frequently not the most effective way of presenting their case. It is often more effective to approach management in private discussions. For this reason, UCC will present their cases publicly only when all other avenues have proved futile. They prefer to hold discussions with management and avoid public confrontation that could lead to embarrassment of management. And even when such public moves are made, they are often not expected to result in victory, but, rather, to draw the attention of the shareholders to a serious problem of responsibility.

It is important to point out that the UCC and fellow members of TCCR engage in public confrontation only as a last resort, for the Confederation of Church and Business people, many members of which belong to the denominations that are members of TCCR, frequently accuse TCCR and its members of engaging in unnecessary confrontation with management, as if they find delight in such an approach.

The report from which I draw most of this information also provides some suggestions for alternative investment. One such alternative is called "creative investment." Such investments may be in low cost housing or in the form of "seed" money for private projects. It could go to urban or renewal projects. Such investments often entail a greater degree of risk and a low return. Another example is investment in the EDCS, of which UCC is a member. The 1989 updated version of UCC's corporate responsibility guidelines shows no principial deviation from their stance as outlined so far. The only changes consist of shifts in focus from one issue, when it bas been sufficiently puhlicised, to a new front.

Several investment options are open to the investor. I have already referred to the appearance of ethical investment vehicles. On the one hand, Davis has appreciation for this approach, hut this appreciation is mixed with severe doubts, which can be found in Chapter 13. In a 1990 letter, he emphasizes that though his church does screen its investments, it is impossible to create a clean portfolin and that even the best screen will invariably land the investor in inconsistencies. According to Davis, the UCC is "convinced that the major contribution comes from active responsible investment which accepts the fact that there are problems in every stock and obligations to be a responsible owner."

One option open to the church is divestment, that is, selling one's shares. For some years now there has been a wide-spread demand for divesting stock in TNCs that have operations in South Africa. UCC has done exactly that with its pension funds. In general, however, UCC judges that this method of protest must be used only as a last resort, when it has become apparent that the positions of the churcb and the TNC are irreconcilable. When that method is followed, "it should be done with the maximum of publicity with reasons for the sale clearly stated."

Though the Guidelines list a variety of investment options, most of these do not apply to the investment of pension funds. Pension funds do not belong only to the church but also to the members whose financial wellbeing the fund is legally obliged to protect. Here "normal" investment criteria are to be applied as over against the moral and social objectives of other church funds. "It is suggested that any such funds (creative investment) should be segregated from the normal investment portfolios of the Church..., inasmuch as moral and social objectives are paramount and have been given precedents over the normal investment criteria." Here we run into the problem of being caught up in a system that I will discuss later in this chapter.

United Methodist Church

Going south of the longest undefended border in the world, I turn to the United Methodist Church (UMC), the denomination in the USA that operates "the largest religious denominational pension fund and one of the largest pension and benefit programs in the world," according to a former General Secretary of the UMC's General Board of Pensions in 1984. A similar claim is made by Vidette K. Bullock, an official of the Board, in a letter written in 1990: the fund "currently has assets in excess of $3.7 billion and remains the largest religious denominational pension fund," quite an increase from the $1.6 billion in 1984.

As a result of its ecumenical involvement, this church began to develop a healthy guilty conscience with respect to its investments in the corporate world. Hence, during the 70s, The UMC set up a General Council on Finance and Administration. This Council "is encouraged to invest in institutions, companies, corporations, or funds which make a positive contribution towards the realization of the goals outlined in the Social Principles of the UMC." Much of what follows comes from a report published by this Council as well as from 1989-1990 documents from the Board itself.

The discussion on "areas of concern" begins with the reminder that, like many other churches, the UMC bas in the past exercised its social responsibllity by avoiding investments in industries such as tobacco, alcohol, amunitions and gambling. Thus, expressing social concern with respect to investments is not a new thing by any means.

The Church expects that insitutions and their administrators involved in investment decisions "shall be sensitive to and aware of the religious, social, ethical and moral aspects" of corporate life. "Positive social impact and the correction of social inequities shall be goals involved in investment judgment."

The areas in which the UMC is concerned and in which it wants to make sure it is not involved wrongly through investment include the following: ecology or responsible use of creation and natural resources as well as space, rights of ethnic minorities and women, alcohol, tobacco and other drugs, organization of agriculture (favouring resident rather than corporate farms), urban housing, consumerism, gambling, buman rights on international scale (including South Africa), war and peace.

South Africa is singled out as a special concern. All UMC agencies that invest must carefully scrutinize their portfolio to avoid any involvement "in any business entity whose operations are supportive of apartheid." The UMC does not wish to

> do business with nor invest in banks whicb have banking operation in or make loans to the Republic of South Africa, nor should they do business with or invest in banks which make loans to parastatal [government-owned] corporations of the Republic of South Africa.

In spite of the brave rhetoric about South Africa, in the 1984 Report of GBP one is treated to strong arguments for continuing investing in corporations active in South Africa. Since the above restrictions on South Africa were confined to governmental agencies and corporations, GBP felt free to continue investments in corporations there, but not just in any corporation. For a decade the Board aggressively encouraged all companies in which they are a shareholder to sign the Sullivan Principles. The GBP has played an important role in encouraging many corporations to sign the document.

Most but not all US corporations in South Africa in which GBP has investments have signed up. Where this occurs, GBP may file a shareholder resolution to being the issue to the floor of the corporation's annual meeting for discussion. Among the TNCs with whey they filed such resolutions are Allis-Chambers, Raxter Travenol Laboratories, Dunn & Bradstreet, Foster Wheeler, International Flavors and Fragrances, and Pepsico. Similar resolutions brought this issue to the fore also with Fruehauf, Chesebrough-Pond's, Kinberly-Clark, and Pan American World Airways. In 1984, the General Secretary boasted that his organization "has been recognized as the most active shareholder in the US in filing shareholder resolutions concerning South Africa and in successfully encouraging corporations to become signatory companies of the Sullivan Principles." Since 1987, according to Bullock, the GBP has divested itself of involvement in 17 companies operating in South Africa, including well-known giants like Shell, Unilever, Chevron and Texaco. In 1990, the Board filed or co-filed 21 resolutions urging corporate disengagement from South Africa, many of them in cooperation with ICCR and its members. Of course, by 1990, the Sullivan Principles no longer enjoy their earlier respect and events have largely overtaken them.

However, a perusal of the list of corporations in which the GBP invests indicates that those responsihle seem to interpret the denomination's social investment criteria in the widest possible sense. The list includes many of the standard blue chip TNCs as well as a number of those that appear in Part II of this book. They are very much part of the capitalist setup with few holds barred. Some of the largest American banks are included, the banks that have done so much to create the present international deht crisis. The big automobile boys are among them as well. McDonald's is there and Pepsico, Ralston Purina, Amax (the one that has locked horns with British Colombian Indians and Australian aboriginals), Dow, Monsanto, Atlantic Richfield, many of the oil giants, including most of the famous cousins, and even ITT, Union Carbide, Upjohn. Merryll Lynch and Transamerica are there. An earlier draft of this book included a section that contained information about serious malpractices on the part of a number of those found in the Board's investment list.Though I have done no detailed study of the two last mentioned giant money managers, the documents I have seen from them did not leave me with the impression that they have strong ethical criteria by which they guide their investment practices and the same holds true for many of the banks on the list.

But in spite of GBP's abhorrence of apartheid, it has considered divestiture undesirable. For one thing, it sees it as "a one-time witness" that would subsequently preclude GBP from having any further influence in such corporations with respect to the issue. The other reason is that, according to the General Secretary in 1984, "there is no way that trustees of large investment portfolios can be prudent investors and avoid investing in as many as 350 of the most prestigious American companies... which now have operations in South Africa." Even though some research tended to indicate that a fund could so divest without economic punishment, "more recently an impressive body of statistical and financial analysis has indicated that the risk/reward investment strategies and future investment performance would suffer if divestiture were required for any fund larger than $50 million." After further explicating this point, the General Secretary concluded,

> Divestiture would thus present to the GBP legal and investment ramifications that simply would be horrendous to live with, without any assurance that such action would help overcome apartheid, persuade any American firm to leave South Africa, or offer nearly as much encouragement to South African black workers as the present GBP policy which aggressively pursues corporate signatories for the Sullivan Principles.

I have included this fairly detailed discussion of the UMC's approach to apartheid because it is an example of how a major liberal mainline American denomination struggles with one of today's most blatant forms of discrimination. It wants to see apartheid dismantled and is seriously concerned to do all it can to achieve such dismantling. However, it sees the most strategic avenue towards that achievement to be a method that at the same time requires the Church's involvement in the system through investment. And when it comes right down to it, the Church is caught in the middle: it cannot afford to extricate itself from involvement—the price would be too high to pay.

I can sympathize with the dilemma and sense the terrible struggle in which UMC leaders are caught up. Since 1984, the climate has become more amenable for divestment from South Africa. But South Africa is only one of the problems encountered when one considers investment from an ethical perspective. The earlier argument against divestment from South Africa can be applied to the entire culture of the happy family. And judging from the list of TNCs in which GBP invests, that is the implicit assumption on which the Board operates.

I want to point out that this and other churches that find themselves in a similar dilemma have not simply fallen into this trap without any responsibility or fault of their own. Their present dilemma is the result of years of participation in a profit-oriented economic order that never could be squared with Christian social and economic principles to begin with. Years before, BEFORE UMC and other churches began their vigorous investment programmes, they should have asked themselves some basic questions of theology and economics. Failure at those early stages has finally come home to roost—and the church is caught in a dilemma from which it now needs more courage to extricate itself than it can muster because of the very, very high price now demanded of it.

Reactions and Successes

I do want you to know how this movement is treated in the press and the kind of successes it can boast. Some time ago, the Toronto Star drew attention to the ecclesiastical social investment groups SM under the caption "New missionaries try to convert corporations." John Doig, the author, opens with reference to Jean Koning, wife of an Anglican priest, who took her savings out of the Canadian Imperial Bank of Commerce because it refused to stop lending money to the South African government. Doig continues,

> Mrs. Koning's gesture may not have caused any tremors on Bay Street or in Johannesburg. But it is symbolic of a new kind of activism in Canadian churches, an activism that is making more and more corporate executives watchful, if not downright uncomfortable.

He goes on to describe the work of TCCR and related organizations as follows:

> Essentially, what these organizations have been doing over the last few years is take the message of the churches out of the pulpit and into the company boardroom, the halls of government and the forum of the news media.
>
> "It's a new mission," says George Morrison, minister at the affluent Timothy Eaton Memorial (United) Church and a former top executive of IBM.

"Making a beautiful sermon is one thing, but pointing to specific situations and asking specific questions is another," says the Rev. Russell Hatton, national affairs consultant of the Anglican Church.

The article continues to give specific examples of how these organizations discuss with corporations and government issues of wide-ranging economic, political and social interest. Doig also reports rumours that a major oil company has hired an investigator to check the backgrounds of some leaders of these church groups, though, of course, the company denied it. At any rate, Doig concluded, these activists were being taken seriously by the corporations. Though some critics claim the churches are more pious than knowledgeable, those who have dealt with them assert the opposite, crediting them sometimes with having more understanding and knowledge about the issues at stake than do many corporate executives. The story then summarizes struggles TCCR has or has had with various corporations, such as Falconbridge for their mining operations in Namibia, with Aluminum Co. of Canada for their part in southern Africa, with Noranda Mines for allegedly supporting an oppressive regime in Chile. The churches have taken on several Canadian banks for their activities in South Africa as well. Doig found that corporations were beginning to listen to these activists. Richard Thomson, a (former?) president of the Toronto-Dominion Bank, admitted that "Perhaps in the past corporations haven't spent enough time on community responsibility." Fred McNeil of the Bank of Montreal conceded that "There's a general tendency in corporations to re-examine standards and values." Clarence Shepard, another oil executive, was quoted as saying that "I think they are promoting a conscience function, which perhaps isn't a bad thing to imposed on business." Even an ITT Canada president spoke positively of the ecclesiastical shareholders' activity and said to want to continue the dialogue.

Moving south of the border, the homeland of ICCR, the ecclesiastical leader of the movement, one finds that its activities have drawn considerable attention from important quarters within the secular press, even though the evaluation is not always consistent. Some time ago, *Business International*, which describes itself as a "weekly report to managers of worldwide operations," devoted two pages to ICCR, including this evaluation:

> The effectiveness of the ICCR... lies in its ability to marshal shareholders to gain social mileage from their investments in major corporations. Through a variety of instruments, the ICCR has succeeded in bringing about changes, including more disclosure by companies of the social impact of their decisions and shifts in hiring

> and wage practices. The ICCR has been less successful in influencing major investment activities, but it continues to apply pressure in this area. In addition to its ability to take firms to task for their alleged social irresponsibility, the ICCR has also become an important opinion-maker among corporate critics: the issues it identifies are usually embraced by other such groups.
>
> The ICCR has an impressive arsenal of tactics that it uses to induce companies to carry out its aims. The best known is the shareholder resolution, but others are shaking up firms as much if not more.

The tactics described are dialogue with companies, open letter, consumer boycott, alliances with universities and unions, withdrawal of funds from banks and the manipulation of pension funds as threats. With investments of billions of dollars giving them clout,

> ICCR members own minority shares in nearly all of the companies they target for attack. When no such ownership exists, church members have been known to buy into a firm for the specific purpose of filing a resolution.
>
> ICCR members typically file a resolution with a corporation and attempt to contact that firm for its rebuttal. At that point, the company has three options: it can challenge the legality of the resolution...; negotiate with ICCR for an "out of proxy" settlement; or wait for the annual meeting when the shareholder can state his concerns publicly. If... management chooses to confront its critics during the annual meeting, it can usually expect the ICCR to mobilize other shareholders ... to also present their case.

All in all, the author of Business International credits ICCR as having "won the right to an encore performance in 1981."

An article in *New York Times* judged that in the early days of ICCR religious efforts in the shareholders' movement got little support from other shareholders, while management often ignored their requests for information. However, the picture has changed as ICCR has allied itself more and more with large public pension funds in various states as well as with institutional investors such as the Ford Foundation, the United Automobile Workers, colleges and insurance companies. One such insurance company is Aetna Life and Casualty, wbich has been one of the most active institutional investors supporting the religious groups. Nevertheless, a Xerox official whose company has often been a target, is quoted as saying, "With that many shares, they're bound to get some attention, but that's not going to change our position."

Of course, not all reactions are favourable. It appears that some corporate executives are hardly aware of the church's efforts in this area. It has recently been reported that the president of Proctor & Gamble was interviewed on the Phil Donahue TV show about his company's alleged relationship to a satanic church and even appeared on a Merv Griffin program in the company of cultists. Asked whether such support would not damage the image of his company, he is to have said, "There are not enough Christians in the US to make a difference."

The above paragraphs indicate a wide range of reactions to ecclesiastical shareholders' activism on the part of corporations. Even favourable reactions or positive responses may be based more on pressure or fear of bad public relations than on ethical convictions. Richard Morrow, Chairman of the Board of Amoco, in 1989 advised his shareholders that "it is in our own best interests to take the lead in developing workable solutions before environmental concerns evolve into unworkable laws and regulations." "We need to be seen as part of the solution, rather than part of the problem." I am happy that he recognized that taking steps to protect the ozone layer by improving fuel makes not only "good business sense," but also "good societal sense."

Both Bradshaw and Vogel report a number of positive responses on the part of corporations. However, I find that many corporations who claim to be socially responsible do so only on two or three selected issues, while they will be as irresponsible as any on other fronts. Some are conscientious at home, while abroad they are no different from their fellows.

Corporations that react negatively may use a variety of tactics to reduce the impact of these economic crusaders. Some companies are holding their meetings in out-of-the-way places allegedly to elude the activists. New York Times, for example, one year met in Madison, Maine, and the next year it visited Fort Smith, Ark. Tri-Continental of New York has met in Des Moines, ITTA in Charleston, S.C. General Motors at least for one year allegedly planned to hold two meetings, one where corporate business was to be transacted and another 15 miles away, where the ecumenical activists and others could take the president to task—but the chairman and the directors did not plan to be there.

On the whole, the efforts by the SM are not appreciated by the corporations and their shareholders. Whatever victories are gained are often the result of pressures, especially publicity. In most cases positive responses are not voluntary. Often, when a resolution receives the backing of three to five per cent of the shareholders' votes, ICCR is encouraged. That means that 95%

or more of the shareholders disagree. And, of course, that should not surprise us, for most of them by far invest for the sake of profit first of all. Donald Schwartz, a former employee of the Security Exchange Commission (SEC) and a lawyer, asserts that the social performance of a corporation is of the least interest to most investors. At a seminar dealing with social responsibility of corporations, it was said that no shareholder who proposes such a proposal can reasonably expect that the majority of shareholders will support him if the proposal is opposed by the management. Issues raised by activist spokesmen are often seen as threats to profitability, as sidetracking the corporations from their first responsibility, namely to make money for the investors. Not infrequently the movement is regarded as one of traitors who seek to undermine the very purpose for which others invest. And so a mere five per cent is regarded as a major victory. It should also be said, however, that the last few years shareholder proposals regarding South Africa have been getting up to 15% support, while those concerning the environment are also enjoying growing support. Progress may have been slow, but it is undeniable.

When you look at the kind of victories being won by the movement, it is clear that they often lose on specific proposals put before shareholders. However, their persistence and their professional presentations year after year are having an effect on the thinking of those in charge of corporations. It is here that their most significant contribution is being made. Slowly but surely a greater sense of social responsibility is emerging in some corporations. In a recent announcement, Trinity Christian College claimed in 1990 that many companies are now incorporating codes of ethics into their company philosophies. The college also claims that, due to its inculcation of the Reformed vision in the classroom, workshops on ethics led by local businessmen are now being held in the Chicago area. Trinity is but one of the many colleges and universities that are now incorporating relevant courses in their business departments. Programs such as the Center for Business Ethics of Bentley College, Waltham, Massachusetts, their courses, conferences and publications do much to further the movement. In time, these cannot but have positive effect on the business community and society as a whole.

A Presbyterian document makes a similar claim that indeed such a heightened sense of social responsibility is developing among corporations. The quality of the information and analysis by the churches, the significance of the questions they raise, the feasibility of the recommendations they make and the style of their dialogue with management have contributed to fostering a new sensitivity to social issues by corporations.

It is clear that the churches bave played a very significant and influential role in SM. They continue to provide the staying power, according to Talner. The movement the churches bave fostered has grown to include some of the most prestigious institutions in the US: the Ford, Carnegie and Rockefeller foundations, TIAA, Harvard and Yale Universities, Citibank and Morgan Guaranty Trust, etc.

Sometimes a proposal gets badly defeated by the investors, but subsequently management will incorporate certain ideas that cropped up during the discussion into their organization. Some years ago, GM shareholders roundly defeated a social proposal by 97%. A sure defeat, you might say. However, without acknowledging the original inspiration, the company appointed a committee to deal with certain social responsibilities. Sucb a byproduct is often more significant than a specific proposal. In other words, the persistence and professionalism of the movement is slowly wearing down resistance.

It used to be that institutional investors would almost automatically vote in favour of management policies, regarding such a vote as neutral. A vote against management position was regarded as a vote of no confidence. Now some of these investors increasingly support the proposals of ecclesiastical organs. They feel more free to vote according to institutional conscience instead of automatically voting for management. According to TCCR, 67% of institutional investors no longer give their proxy to management. They now vote themselves—and often in favour of various social proposals. There is less rigidity, more openness and a greater sense of responsibility.

One truly international campaign that is often regarded as baving netted a major trophy in the showcase of the movement is that waged against Nestle and other manufacturers and distributors of infant formula in the South. Here eventually the WHO, the WCC, ICCR, TCCR and a host of other Christian and secular organizations joined hands to force these giant corporations to change their irresponsible marketing methods. Governments also entered the fray. The US government was the only one in the UNO to vote against the WHO code that was to regulate the behaviour of corporations in this area of concero. It was, in short, a huge success, though not an easy one by any means. And the battle is not finished, for even as late as 1990, reports indicate that in some southern countries the use of infant formula is still on the upswing, while these corporations are also approaching American women with a new aggressiveness.

Some have pointed out that it is virtually impossible for a shareholder to have the necessary knowledge to understand the ethical implications for the actions of a TNC in another culture. This is a real problem for more local efforts at ethical investing. However, the ecumenical arm of this movement has its tentacles around the globe with input from local communities everywhere who provide the necessary information. Reports from WCC, TCCR and ICCR literally bristle with such local contributions and they are thus at an advantage compared to many of their secular counterparts. It is precisely the fact that many of their presentations are based upon such pools of facts that ecumenical shareholder resolutions often have a peculiar ring of truth and authority about them.

Personal Reaction

How, you may be asking by now, do I myself evaluate the effects of this ecclesiastical shareholder activism? My main attitude is one of downright admiration. I admire people and organizations who, in the face of all sorts of opposition, insist on applying ethical principles to their economic affairs, even when it would appear that doing so may not be economically profitable in the short run. More specifically, I admire Christians who dare to apply the ethical and mission insights of the Bible against capitalist principalities and powers that seem formidable, who dare to buck the trend of capitalist traditions that have sunk so deeply into the heart of the Western church. The mission of these Christians is both prophetic and professional. Having studied the movement in greater depth since I wrote my *Missions : Heralds of Capitalism or Christ?*, I have deeper admiration for this movement than I did at that time.

Furthermore, victories are being recorded. Slowly, to be sure. Some of the victories often look like defeats because resolutions have been voted down. However, when one looks at the achievements over a longer period of time, then one can speak indeed of victories. It can even be said that almost the entire TNC world is forced to take this movement into consideration, even the giants. Whether or not the movement will ever be able to claim THE victory, I doubt very much, but they can definitely claim significant creeping success, the end of which is not in sight and which is at this point unpredictable. I rejoice in this development. I consider this movement and its ecumenical actors as genuine warriors of the Lord in the realm of economics, industry and commerce. I accept their programme as legitimate and honourable.

Nevertheless, I retain a basic skepticism and some serious questions. Though the movement is making an important impact and is changing corporations to some degree, it remains true that it continues to meet more opposition than approval. A 5% support vote is considered high, but it means that 95% continue to resist the ethical issues. The basic aim of the large majority of owners of corporations, the investors, remains profit.

Members of the social movement are mostly investors with a bad conscience. I do not mean that derisively. It is good to have a sensitive conscience; without it one becomes barbarian. But with all the respect due to them, I feel that they are not sufficiently radical. Though I no longer stand by my earlier observation that they do not question the priority of profits, they are rejecting that principle in the wrong place. They join an alliance of investors without sharing the basic principle of that alliance. They are infiltrators.

I have some ethical qualms about their approach. It seems to me parallel to someone contracting a marriage in order to totally change the partner's soul. The church has not ordinarily approved of such a marriage. I am not sure we should approve of such an economic marriage either. If I were in business, I certainly would not agree to someone becoming my partner if I knew he would change the basic character of the business in a direction to which I might be fundamentally opposed. If such a person did become my partner and I would subsequently discover his true motive, I would deeply resent what I would regard as having been tricked. As the Bible puts it: do unto others as you would have them do unto you.

I do not doubt the intentions of the movement and I share its goals. But I am not so sure the methods are correct. I have qualms about either myself or my church joining an alliance to which I have fundamental ethical objections. I accept many of the methods used by the movement, but would prefer to see them used from the outside. It is too glib to join a questionable alliance and then to clear one's conscience by battling against its wrongs—in the meantime deriving profit from it. Your money is still there, working, possibly hurting others. All your struggles do not absolve you; you are still responsible.

One can engage in the struggle from the outside. Most of the methods used by the movement are available to outsiders. The press, political channels, boycotts, consumer voting/buying, and education would still be available. And then you have the tools peculiar to the church: pastoral teaching, exhortation, dialogue and discipline. These are potentially effective tools and need to be sharpened for engagement.

As long as you invest, you invest in the entire "happy family." Even if you succeed in getting "your" corporation to adopt a major change, you have in most cases succeeded only in changing one of the symptoms, important as that change may be. Your corporation will have investments in other corporations you have not touched and which in turn will have investments in others..... Most, if not all, will in one way or the other be profiting from injustice. The priority of profit has not been done away with. And you will find yourself forever bucking symptoms. The UMC Pension Fund has admitted that the legal requirements for institutional investments and social responsibility often work against each other and require that it "walk a tightrope." And in spite of this Pension Fund's pioneering status with respect to apartheid, it turns out that as late as 1987 it still had investments in corporations that had not signed the Sullivan Principles and, it would appear, it was still lodging new investments with some such corporations. Furthermore, it will be recalled, the General Secretary of the UMC fund said that it was impossible to divest from all the tainted corporations. In effect, he was admitting that his fund is no longer free; it has become a captive to a system in which it participates with serious qualms.

The churches active in the campaign against apartheid continue to derive profit from many other unwholesome practices and products. The clergy's pension income is based on the transgression of almost every Biblical teaching they have taught while on active duty. **It is tragic that lifetime careers in Christian mission have to end in retirement funded by instruments that in many ways represent the negation of that mission.**

I do not condemn those who participate in the struggle. I repeat: I admire them. I almost feel like a traitor to disagree with them. But try as I may, I cannot help but hesitate with respect to their approach. It gets one involved in so many contradictions and situations of exploitation. It compromises one's Christian mission time and again. Instead of being busy with a positive mission in the business world, you are forever correcting faults, forever objecting to the results of a system whose basic foundation you appeared to share when you joined, forever tinkering, forever letting the capitalist mentality set your agenda. It is better to be free to pursue a positive programme of mission and expend your energies on that instead of wasting your creativities in pursuing negative symptoms emerging from a majority capitalist mentality foreign to your own basic foundation.

I repeat: I accept the methods and goals of the ecumenical shareholders' movement as legitimate, but I would like to see it supplemented with a more radical approach. The explication of that approach is reserved for the closing chapter.

chapter 13

Ethical Investment Attempts

In the previous chapter we have examined the various ways in which North American churches have conducted themselves in the corporate world. In this chapter I want to describe and evaluate some existing alternatives. Whereas Chapter 12 describes efforts on the part of shareholders to correct wrongs, here we are concerned with efforts to avoid these wrongs to begin with. These efforts are part of the movement for socially responsible investment, but instead of battling against wrongdoings, here we are concerned with a positive approach of supporting only corporations that contribute constructively to society. Most of the organizations to be referred to are secular. Also, it should be understood, what follows below are only examples; there are many more not named.

The key to the alternative investment movement (AIM) is an ethical grid which consists of a list of problem areas an individual investor or even an investing agency wants to avoid. Any corporation thought to be involved in any activities listed in the grid is automatically eliminated as beneficiary of one's investment.

In 1984, TCCR reported that they had not been able to locate any Canadian investment advisor or mutual fund providing AIM advice and information. I am glad to report that things are changing in this respect. 1986 and 1987 were clearly the important years for this development. During those two years, five ethical investment vehicles were launched. In 1986, the Ethical Growth Fund introduced itself as "Canada's First Socially Responsible Mutual Fund." It is managed by Vancouver-based Vancity Investment Services, an outgrowth of Vancouver City Savings Credit Union. Since then, others have cropped up in the country. Investors Syndicate Ltd. has established the Investors Summa Fund with a social grid that excludes offenders in alcohol, tobacco, gambling, critical weapons, pornography, pollution and alliance with repressive regimes. During those same two years, TCCR ran two workshops, one on ethical investments and the other on alternative investments. In Chapter 12, I have already referred to the activities of TCCR with respect to these ethical funds, including publication of documents providing names, addresses and policies. These are very helpful to anyone interested in this approach to investing.

Davis from UCC expresses some severe doubts about this approach. In a 1990 letter, he emphasizes that though his church does screen its investments, it is impossible to create a clean portfolio and that even the best screen will invariably land the investor in inconsistencies. Furthermore, he points out the danger, also referred to in TCCR documents, that investing in ethical funds often makes people feel "that they have done their thing and the rest is a clear conscious and problem free portfolio. Would that the world were that simple." Davis points out that the UCC is "convinced that the major contribution comes from active responsible investment which accepts the fact that there are problems in every stock and obligations to be a responsible owner."

It is in the USA that AIM is really blossoming with ICCR again in the forefront. It has a so-called AI Clearinghouse and publishes occasional AI newsletters that contain concrete information about various AI projects readers might consider as well as information about publications, conferences and other related activities. ICCR's *Corporate Examiner*, No. 7, 1988, provides a guide for those interested in AIM, addresses and all.

Thus, ICCR is by no means the only one in the field. There are money market and mutual funds. There is an increasing number of investment advisers specializing in socially sensitive accounts. There are also a number of newsletters offering socially oriented advice on investments. In addition, there is a growing number of revolving loan funds that place funds in socially creative projects. There is also the Social Investment Forum, a national professional association of all individuals and organizations involved in the world of investments. According to an ICCR report, the members of this Forum try to educate the public about socially responsible investment.

Let us look at a few commercial AI vehicles in the country. The Calvert Group has a number of AI funds. In a pamphlet, Calvert asserts that every choice you make, including your investment choices, are based on your values. It asks whether your investment promotes or violates your ethic. It's social funds are based on the premise that companies with a positive contribution to society are in the long run most likely to prosper. Its Ariel Growth Fund shuns South Africa, militarism and the nuclear industry. Calvert's Social Investment Fund includes four investment alternatives that all shun South Africa. Other criteria include environmental and labor and equal employment issues, avoiding nuclear activities, repressive regimes and militarism. The Fund tries to invest in corporations that promote positive ends, rather than simply avoiding the bad. The Fund's assets stand at the moment at $270 million.

Pax World Fund, established by United Methodist clergymen, avoids South African investments, except those that sustain vital needs of the majority black population in the country. Others avoided are those involved in militarism, nuclear power, alcohol, tobacco and gambling. The Fund is especially interested in corporations with fair employment and pollution control policies. It also invests in health care, education, food, retailing, housing and leisure. On December 31, 1989, the Fund's net assets stood at $93 million plus.

Working Assets Money Fund is another mutual fund with a social thrust. It advertises itself as "America's leading socially responsible money market fund." Their aim is to achieve a positive social and economic impact. Through their investments they support job creation while discouraging mergers and acquisitions, corporations that re-invest in their local communities, moderate-income housing, higher education through student loan instruments, family farming, equal work opportunity for women and minorities, safe working conditions, AFL-CIO cooperation, stateside employment, environment, small business and charitable contributions. They avoid nuclear-related corporations, militarism, US Treasury securities to help finance a federal deficit and repressive regimes.

The United States Trust Co. of Boston, has long been recognized for its social investment program. They have a division that engages in AI on behalf of its clients. They have developed three approaches:

1. to select conventional securities which meet the social criteria of investors.
2. direct promotion of social goals, using one's position as an owner of securities.
3. to invest directly in enterprises that work toward explicit, positive social goals.

For the first approach, US Trust has identified nine categories of social interest which encompass most of the concerns which their clients have expressed. This grid is used to grade the social performance of potential recipients of investment money. The grid covers the following concerns: quality and safety of products, ecology, safe and healthy work environment, equal opportunity, fair labour practices, involvement of workers and community in management, involvement in nuclear power, relationships with repressive governments (South Africa), participation in militaristic endeavours, information disclosure policy.

I would certainly wish to add some concerns to this grid. For one: does a corporation who meets all these criteria monitor the behaviour of its affiliates, subsidiaries and other corporations in which it has investments and does it seek to enforce them? Furthermore, many criteria needed for the South are missing. For example, in southern countries problems such as crop displacement, pre-empting local enterprises, absorbing them or simply destroying them are serious. And bow about transfer pricing and other pricing and tax policies? And if a bank, to what extent has this bank co-operated in the irresponsible international debt situation by encouraging southern political elite to negotiate loans officially for development purposes but that in reality has driven many of these countries to the brink of destruction while a large proportion of the loan itself has ended up in the foreign bank accounts of these elite? Problems experienced in the South are not adequately covered by this grid. Without the addition of questions about these concerns to this grid, I am afraid it is woefully inadequate in a world where so many of the major corporations operate in the South. And while I laud the emphasis on South Africa, why eliminate from the grid other governments that are equally repressive? Some would like to see the USA in such a grid because of what is seen as itsmilitaristic policies, a stand worthy of serious consideration. And what of the many Muslim countries that have repressive policies vis-a-vis their non-Muslim population?

Of course, it is not always easy to get all the facts about giant corporations with their tentacles in so many places. As a result, according to Stephen Moody, an executive at the US Trust, there may be no such thing as a clean company which meets all the requirements of a social investment fund. But they try to get as much information as they can to screen companies and invest in those that are closest to their ideals.

I basically appreciate the US Trust grid. It is obviously inadequate, but it can be amended to include the missing types of concerns. The question is, however, wbether a grid expanded in this way will still allow for profitable investment. It may well be that the corporations that would pass this expanded grid are too few.

The Dreyfus Third Century Fund is a mutual fund that, in addition to avoiding South Africa, is geared to appeal to those interested in "capital growth as well as contributing to the quality of life in America," according to a folder describing 30 of their mutual funds. The response of the Dreyfus Corporation to my request for information has left me with the impression that their Third Century Fund is not particularly prominent in their setup. Though they sent me qulte a package of information regarding various mutual funds, no flyer was included describing this particular fund. This fund is designed to catch those with peculiar social concerns. The rest, it appears, is business as usual for the corporation.

Furthermore, it must also be realized that its social grid is less restrictive than others. For example, it allegedly includes defense contractors, a category excluded by most others. Timothy Smith of ICCR mocked that Dreyfus has "social criteria big enough to drive a nuclear weapon through." He denies Dreyfus the status of a socially responsible fund. I nevertheless include information about this fund in order to show that claims to socially responsible investment need to be verified.

One of the questions people have about AI is the rate of return one can expect from such investments. They fear that it will entail too much sacrifice in terms of low yields. This is a wrong impression altogether. In fact, the reverse is more true. The US Trust has found that "often, social criteria are expressions of financial prudence and do not interfere with prudent selection and diversification." Social responsible funds have outperformed others by significant margins, so that some purely profit-oriented investors have been drawn to them. According to *Wall Street Journal* (July 29, 1988), eight social funds beat the average income of similar "non-social" funds. The Pax World Fund reported a return of 24.92% for 1989, while the average for similar "non-social" funds was 19.46%. Conversely, during the 1987 crash, these funds suffered less than others. One of Calvert's social funds lost 8% over against the average of 24%.

Actually, the above situation makes sense. A Calvert pamphlet explains that social criteria bave enhanced their profitability. Industries that evoke resistance among the people, such as the nuclear and militaristic industries, those that are ecologically irresponsible, etc., face too many problems and have too many expenses to make them attractive in the long run. Corporations that meet social criteria perform better because "they operate in a way conducive to their environment." A company whicb, for example, creates a healthy work environment may perform better because of good worker morale. Investing according to one's value grid is not only ethical, but often also profitable.

As I peruse the literature, I conclude that AI institutions vary greatly in the application of ethical norms. Here is a vehicle that is worth exploring for any investor with a sense of mission. And one can achieve a fair return. Though some AI agencies outrightly offer zero dividends and invest in unusual projects exclusively, others operate in the main stream of the economy.

I have some reservations about whether or not it is possible to so participate ethically in this main stream. It is sure to involve one in corporations where ethics serve as a brake, as a restraint in a negative sense, rather than as the motor that drives it on. Even though one can perhaps invest in corporations with such ethical restraints, these so-called ethical corporations are still likely to have investments in other companies that are less influenced by sucb considerations. They are likely to be part of the "happy family." I bave yet to learn of an ethical fund whose grid is wide enough to eliminate the problems described in Part II. Though I think there is a better way, in a world as imperfect as this one, if I bad the funds I would be willing, as an experiment, to try an ethical fund with a wide screen, wider than we have seen so far.

Reading Newman's *The Acquisitors* has seriously increased my doubt about the wbole corporate culture. His analysis of the newer type of executive in Canada's corporate world comes out too negative, too frivolous, for an ethical investor to have anything to do with that kind of culture. According to Newman, to these "upstart Acquisitors"

> personal wealth is there not to be protected, but to be splurged, manipulated, and borrowed against. Whatever their occupation or expertise happens to be, they are not basically in the oil or real estate or fast-food industries: they're in the money business. Theirs is the currency of the fast-deal-markers; their instinct is to hype underutilized pools of corporate funds and spin them out in spirals that exponentially multiply their original investments.
>
> The pursuit of money has a terrifying tendency to feed on itself, to eliminate all other emotions and desires. "It dehumanizes and desensitizes those involved," says A.G.S. Griffin, one of the Establishment's more thoughtful elder statesmen. "I'm not thinking about the flight from religion particularly but rather that heavy inaccessibility to ideas where anything but the pre-occupation with money and power is concerned. The community, the nation, what kind of world we all want, become increasingly remote, and what we get instead is a set of simplistic, dangerous attitudes. It's all accentuated by the corroding effect of inflation, which puts an increasing premium on smart money, spinning and discounting the simple virtues.

Newman's description of the Canadian scene has its equivalent in Michael Lewis' *Liar's Poker*, an experiential expose of the American investment world, centering on Salomon Brothers. It is nothing short of terrifying to realize that an entire culture depends on that kind of dangerous greed and power that lacks every ethical restraint, according to the author participant.

To get involved in that kind of a culture, to support that kind of a dangerous non-ethic is difficult to avoid when you invest. The promotion of such a cultural and economic style is, in my opinion, hardly in tune with the Christian mandate. I have my doubts that an AI agency that invests in the main stream can avoid it as well. However, a more radical and consistent AI approach might well be worth a try.

chapter 14

Investment Practices in the Christian Reformed Church

In this chapter I want to present a more detailed study of the Christian Reformed Church (CRC). The CRC is a North American denomination that straddles the border between Canada and the USA. Most of its denominational services are located in Grand Rapids, Michigan, USA, and in Burlington, Ontario, Canada.

There are several reasons for the choice of this denomination. One is that I am a member of this church and I love it. I believe a detailed study can be of help to her, provided she is prepared to listen. Secondly, being a member of this denomination gives me access to more information than if I were to concentrate on another. Thirdly, it should be of interest to see how a denomination with a potentially radical kingdom theology relates to her economic environment. The denomination may be small; its basic theology is broad and highly respected among many Evangelicals.

If you are not particularly interested in this rather minor denomination as far as North America is concerned, you could simply skip this chapter. I do believe, however, you would profit from a more in-depth study. Reading this chapter may teach you some methods or avenues for use in analyzing your own denomination. Many people have asked me how and where I get my materials for this study. They have no idea where one would even begin to study these issues. This chapter can serve as an example.

The CRC includes various institutions that invest money. I will concentrate on two of them, namely the Ministers' Pension Fund (MPF) and Calvin College. I will also examine the levels of awareness of the issues among various segments of this community.

PENSION FUNDS

The main investing bodies within the CRC are the pension funds. There are two pension funds for the church's pastors, one Canadian and one American. These funds are relatively young, but they have steadily increased. Respectively they stood at $3,415,126 and $16,770,616 in 1984. By

August 1989, they had reached $9,735,000 and $37,249,000.

The list of corporations benefiting from MPF investments contains many whose ethics can be questioned. Some of these corporations have received mention in Part II as problematic; others would have been mentioned if space had allowed. They would be shown as supporting apartheid or as participating in the manufacture of the most deadly weapons or as deeply influeneing for their own interests the US government as well as the Pentagon in their defence decisions. Some of the pharmaceuticals are guilty of driving up the cost of medical drugs in the South and of influencing the local health care delivery systems in ways not in the interests of the people. And, of course, we know how Nestle and others have been selling substitutes for breastmilk that have led to malnutrition, sickness and death. Or, if banks, they could be shown to be members of that group of financial adventurers that have brought about the current international debt crisis that is causing so much suffering among the Third World poor. Most of these are an integrated part of the "happy family."

Through the years MPF reports have contained brief references to social responsibility. In the report to Synod 1979, for example, one finds the statement that the question of quality is important and by that is meant that investments must be placed in "companies and governments that practice Christian principles of human rights and conservation and proper use of God's created resources."

A committee to evaluate the MPF produced what is known as Report 30, in which it commended the plan to Synod 1981. They were particularly impressed with "the statements regarding social responsibilities and human rights." They also referred to the fact that several proposals had been offered by various quarters within the church that called attention to the danger of investing in organizations that seem to be "un-Christian" in their conduct. Since the monies are invested according to certain good principles, the committee assumed that they are "accomplishing good in society and in the church."

The MPF report to Syned 1982 again reported that "It has made further witness to the bank trustees relative to making investments in socially responsible institutions and corporations." In the report to Synod 1986 the church is again reassured that investments are placed according to "adopted policies on social responsibilities."

In response to my queries about socially responsible investing practices, Van de Riet asked the National Bank of Detroit (NBD), one of the institutions managing MPF funds, to confirm in writing that he had had several discussions with them about this matter. South Africa had been a special focus in these discussions. NBD wrote a letter confirming that such discussions had indeed taken place. Correspondence with NBD, however, has indicated that it has not developed a strong social investment criteria. Their focus has been almost exclusively on apartheid and the Sullivan principle.

In an interview, Vander Weele, the present administrator of MPF, indicated that the fund is now large enough to be administered by itself and no longer as part of a larger pool. The new arrangement went into effect since July, 1987. This situation has given greater flexibility—but also greater responsibility. The MPF has also opened itself up to the provision of loans to other CRC institutions. This provision ensures that at least some of the funds will be used for purposes more in consonance with the Christian mission.

The MPF's current social responsibility statement, revised in May, 1989, reads as follows:

> The Ministers' Pension Committee herewith witnesses to the Fund's investment managers that it opposes investments in companies which discriminate on the basis of race or color; those which are significant violators of environmental and pollution regulations; and those whose business activity centers around such unchristian endeavors as gambling. The Committee believes that such witnessing does influence the decisions of investment officers and that it calls to their attention the need for purchasing securities in companies which have regard for social issues, human rights and obedience to the laws of God and the government.
>
> Opposition to investments in the securities of institutions and corporations engaged in distinctly un-Christian endeavors shall be a part of the social responsibility undertaken by the Committee.
>
> This investment policy is to serve as a guideline to managers while leaving to their sole discretion decisions on specific purchases and sales of securities.

The Canadian policy is the same, except that it specifically lists the exclusion of those involved in tobacco, alcoholic and pornographic products, all companies in the communications and media field other than public utility telephone companies and, of course, gambling. In addition to this social responsibility statement, there are Canadian investment guidelines.

While the statement suggests that the MPF, after having witnessed to the managers, leaves further details to their discretion, Vander Weele writes in a letter that MPF monitors adherence through quarterly meetings with them. In addition, an annual review takes place.

Both American and Canadian statements and policies seem to assume that corporations are independent entities. Part I has shown us that this is not the case: they are basically one large happy family, members of which are related to each other by common parentage, overlapping directorates and by heavily investing in each other to such an extent that one cannot separate the one from the other. When you invest in one corporation, the chances are very high that you indirectly invest in many others as well. Because this assumption is false, the policies are wrong also.

The Canadian Investment Guidelines state that companies ought to be avoided if they can be identified as participating in the proscribed activities. There are no instructions there to actively ferret out such information. If such information were actively ferreted, the Trustees would likely find that they should divest most of their portfolio, especially if they would follow the more expansive American principles. Though it is not always easy to find such information, it is not impossible. There are organizations that are prepared to provide such information, but it takes some work to find them. Unfortunately, CRC Canada decided not to join TCCR, the one body that could provide so much help in arriving at a responsible social investment policy, while, to the best of my knowledge, the CRC USA never even considered joining ICCR.

What, it needs to be asked, is the attitude of the CRC as a whole towards the social investment policies of the MPF? We have two main sources for this information: the annual Agenda and Acts of Synod and a questionnaire. In the Agendas and Acts of Synod, one finds the proposals brought to Synod by the classes (dioceses or districts) into which the denomination is divided. Through the years quite a number of proposals concerning MPF have been presented to Synod, hut here I am only going to look at those questioning the ethics of investing in corporations.

In 1975, Classis Lake Erie requested Synod to appoint a committee tc "study the problems associated with the inequitable distribution of wealth and power." Synod was advised not to accede to this request, because the Classis had "not demonstrated that a task of this scope and magnitude belongs to the instituted church rather than to concerned groups of Christians functioning within the kingdom." Synod accepted this advice and thus did not appoint such a committee. However, it also accepted the rest of the advice which, excluding point 1, reads as follows:

2 That synod take note that Classis Lake Erie has alerted the church to an extremely critical problem in great detail.

3. The Synod remind the consistories that it is their duty to insist upon

the proclamation of the full gospel of God's sovereign grace, including its judging and healing power in relation to the serious problems raised by Classis Lake Erie.

4. That Synod call the entire membership of the CRC to thorough and vigorous study of the problems associated with the inequitable distribution of wealth and power in their political, economic, ecclesiastical and interpersonal actions and to renewed obedience to the Lord.

5. That Synod urge all groups... presently concerned with a Christian solution to the problems mentioned... to pursue these concerns, to articulate biblical answers and to make available their findings to the Christian community through articles, books and other means.

6. That Classis Lake Erie be encouraged to arrange for and convene a conference for the purpose of communal developing a course or action which includes planning, research, articulation and publication.

Classis Lake Erie proceeded to convene the Conference on the Inequitable Distribution of Wealth and Power in 1977. That Conference indicated not only wide-spread concern, but also a good grasp of the issues among participants who came from throughout the denomination. The papers were circulated in stenciled form, hut I have heard of no practical follow-up. The MPF people could breathe a sigh of relief. The question of investments in corporations was not pursued. Its time had not yet come in the CRC.

The council of the CRC congregation of Grande Prairie-La Glace, Alberta, presented a proposal to Synod 1979. The bulk of their proposal was a five-page historical study of the development of economics in the West and Christian participation in it. The basic position is that the present capitalistic setup is un-Christian, secular, and that the church should not copy its methods by investing in a secular, godless system. The church's ministers ought to be supported by free will offerings, not by investments in the capitalist system.

Synod rejected the proposal for two reasons. First, it felt that it was not sufficiently based on Scripture. Secondly, having started the scheme, it would be impossible to discontinue it, for such could lead to many complications, including legal action. Here we have shades of the United Methodist Church. Synod made no reply to the historical analysis, which was done well. I consider it a pity that it was passed over so glibly. At the very least Synod should have called for an evaluation of the document by the economists at Calvin College and other institutions.

In the same year, Classis Chatham requested a review of the MPF. For one thing, it complained of the very low returns, a mere 5.5% in 1978. This low return was contrasted with the loans congregations take out from banks at much higher interest rates for the construction of church buildings. According to Chatham, the situation smacked of irresponsible economics in more than one way. The proposal also included the question about the ethics of investing in corporations.

> The question needs to be raised as to the ethical and other implications: may the church ever relinquish its right to control its investments? An insurance company could well make a decision on investing we would consider contrary to Scriptural principles; e.g. companies that have no concern for the environment, or that bleed underdeveloped countries.

Again, Synod rejected the item on grounds that completely ignored the issues raised, except to say that the proposal contained some contradictions. It was admitted that the subject matter needed further clarification.

Classis British Columbia raised similar objections in 1979. It complained that MPF was run "essentially on the basis of a secular model, and moreover, as a mere economic and business concern." In my opinion, the last part was badly expressed and seemed to assume that there is something inferior about economic and business concerns. The Reformed tradition does not so regard those affairs; they are part of our human mandate. Synod rejected the matter in the same breath with that of Chatham.

In 1981, Classis Alberta South requested a review of MPF for several reasons, one of which was that for the church to have and operate a multimillion dollar fund in the light of the present world situation is not good stewardship and is ethically questionable. The submission made reference to Synod's own reports on this: *And He Had Compassion on Them* and *World Hunger and Structural Changes*.

It sometimes seems that the various entities of the denomination work in complete isolation from each other. The result is that one entity can bring proposals that are completely contrary to the submission of another—and synod will accept both. An example is the case advanced in Alberta South's submission. That contains references to two documents published by the CRC's own publication department. These documents show deep awareness of the role played by many TNCs, but it does not appeai that they ever became working documents or sources of policy for the MPF. I have come across no references to that literature in the documents produced by MPF. Alberta South recognized the direct connection. Unfortunately, the last part of their overture was too vague. Synod responded to this propo*al by appointing an independent study committee to review the entire plan. This response was prompted not only hy Alberta South hut also hy the fact that requests for such a review had become almost an annual occurrence.

The result of the above study has already been referred to as "Report 30." We find the foilowing statement under the heading "Social Responsibility":

> While all business and governmental units are managed by sinful creatures, both institutions and their actions are likely to be tainted with sin.
>
> But God calls us to redeem the whole world for himself, not to ignore the world. This mandate requires more than merely deciding not to invest in socially undesirable organizations. For example, a decision not to invest in US government securities because we feel some governmental activities are tainted with sin, does not help to promote God's kingdom.
>
> The mandate to redeem also carries with it the mandate to use our investments positively. This implies that the body of Christ should use investment opportunities as a means of confronting secular but socially desirable organizations with Christian principles.
>
> When we invest in an organization, we should let the management... know why we have chosen to invest in it. Even though our investment in any given organization may be negligible, as a church we can still use this opportunity to make positive statements about our Christian principles. For example,
>
> 1. We can write letters to the managers of the organizations and explain to them our investment principles.
> 2. We can use the opportunity to let them know in detail the kind of actions we support.
> 3. We can invite leaders of these organizations to present seminars to our colleges and to interact with students and faculties on social issues.
> 4. We can use the opportunity to witness for Christ. The study committee does not expect the Pension Committee to do all this, of course. Various denominational agencies can use the list of investments for their own purposes.
>
> When pension funds are relatively small..., investments are normally made in "pooled" funds. This means that the funds are

> commingled with others and invested as a group. With smaller funds, therefore, it is difficult to control exactly where the dollars are invested.
>
> As the pension fund gets larger, however, there will be more opportunity for the curretu pension committee to act more like trustees who can determine more directly where the dollars should be invested.
>
> In summary, the study committee feels that we have a real opportunity to witness as a church; and this witnessing requires more than merely deciding not to invest in certain organization.

Since by 1981 the portfolio of MPF had grown to a size where diversification had become possible, the study committee recommended that the MPF estahlish investment guidelines on hasis of which it would make its investment decisions in the future. Some of these guidelines have already been discussed in this book.

It is clear that the study committee had a good grasp of Reformed theology in calling for a positive and creative approach to investments. However, the report is also an example of the isolation of the CRC from the ecumenical community. That community, which includes WCC, TCCR and ICCR and their members, has seriously been struggling with these same issues. The difference is that in that community there is a much greater empirical awareness of the effects of corporations as well as of the philosophical underpinnings of the capitalist order supporting corporations. The result is a mucb more critical and even skeptical attitude towards these corporations. The CRC study committee, impeccable as its theoretical theology may be, has taken no account of the problems outlined in Fart II and seems to assume that one would be free to practice such positive theology unhindered in the context of many of these corporations. Failure to relate their sound theology to the empirical situations and to an analysis of the underpinnings of the corporate world seriously mars that sound theology and calls it into question as unrealistic. That type of theology is a far cry from that which is used in WCC circles where there is talk of two contradictory types of logic at loggerheads with each other. In traditional CRC terminology, that means there is an antithesis between Christian theology and the ideology of TNCs. While the CRC acknowledges the existence of such an antithesis in general, it has consistently failed to apply that insight to the questions at hand.

The constituency, it is clear, does not know mucb about MPF investments. A questionnaire on the suhject circulated throughout the constituency shows that only about 35% have any idea that the MPF invests its money and for many of those it is little more than a mere guess.

A number of people complained in the questionnaire that it is difficult to get information about the plan. Administrators do make information available to those requesting it and synodical reports are readily at hand. However, these documents do not concern themselves with the question of exactly in which companies the investments lodge or how and where these companies make their money. It would appear that the MPF administration judges the question to be of no interest to most people and the questionnaire confirms this judgement. However, this lack of specific information within easy reach of the constituency not only perpetuates ignorance and indifference, but it also discourages members with an awareness of the problems demonstrated in Part II from asking questions. This information policy is a far cry from that of the General Board of Pensions of the United Methodist Church, for example, which includes in its published annual report a list of the companies in which their funds are invested as well as the specific amount invested in them.

The CRC also has an Unordained Employees Pension Fund that is run by an entirely different group of people. While their assets in 1985 stood at $5,447,594, by the end of 1989, it had almost doubled to $10,011,914. Virtually all assets are invested with insurance companies at fixed guaranteed rates, though discussions are under way about diversifying into the stock market. With its investments lodged with insurance companies, this fund is fully part of the American corporate scene as I have described it earlier. All the ethical problems identified in this study, as well as those relating to the Christian cultural and mission mandate, would appear to play their part in this fund.

Getting information about this pension plan has been like pulling teeth. Their annual report to the denomination contains virtually no information, especially when contrasted to the report of MPF. Their response to letters is most skimpy, while they do not seem to understand the import of the issues put to them. One administrator wrote that the committee avoids investments in tobacco, alcohol and gambling—that's it. Such an anemic screen is more in keeping with the evangelical tradition than with Reformed theology. It is hardly the radical stance one would expect from a Reformed church. None of the reports to which I have had access or correspondence with fund officials give any indication of any awareness of these problems.

CRC EDUCATIONAL INSTITUTIONS

As far as North American churches are concerned, the CRC is a small denomination with only one college and one seminary that belong to it, namely Calvin College and Seminary in Grand Rapids, Michigan. In addition, there are a number of colleges both in Canada and the US that do not belong to the denomination but that are largely controlled by the CRC constituency. Calvin College is far larger than any of these, having a faculty of some 300.

According to William J. Boer, Vice President for Administration and Finance and distant relative of mine, the college has a rapidly growing portfolio lodged with Old Kent Bank & Trust Company (OK) that reached $8 million by the beginning of 1990. Apart from US government instruments and American utility companies, the fund has included at one time or the other the following corporations as well as others not listed:

Abbott Laboratories*	Amoco
Altantic Richfield	Bristol Myers*
Comprehensive Care Corp.	Community Psychiatric Centers
Dow Jones	Dunn & Bradstreet*
Economic Lab.	Exxon*
General Electric*	Humana
IBM*	Martin Marietta
McGraw Hill	Melville
National SVC	Norfolk Southern
Northrop	Ogilvy Group
Old Kent Financial	Raytheon
Teco Energy	Texaco
Waste Management	Philip Morris

A number of these are corporations with operations in South Africa [those with asterisks and possibly others]. One will readily recognize the tobacco giant as well as some of the famous oil cousins. This portfolio is fully integrated into the happy family.

As to pension funds, while some employees have their pensions arranged through the denominational plans referred to earlier, most of the pension money is invested through the Teachers Insurance and Annuity Association (TIAA), a pension plan that covers more than 3500 educational institutions in the USA. TIAA, together with its twin, College Retirement Equities Fund (CREF), is a non-profit pension fund that invests heavily in a list of corporations that has taken more than 30 pages in their report. Investigations on my part have indicated that it invests in almost every company you can think of so that its name appears in almost every list of stockholders you can find. According to William Boer, the TIAA/CREF pension fund has current assets of $80 billion—not bad for a non-profit effort! Somebody at TIAA is doing things right! Through its investments in CREF, Calvin College is very much part of the "happy family."

Prior to his retirement, Henry De Wit, William Boer's predecessor, assured me that those administering the pension funds are all sensitive to our questions. However, the College has no direct control over any of them: TIAA, MPF and the CRC Unordained Pension Fund.

Back in 1982, De Wit showed a high level of awareness of the complexities of the social question. He wrote:

> Finally, of course, we get to the hard question: just what companies do we put off limits? So many of the best investment opportunities are with giant, diversified conglomerates. Each of them probably is involved in some activity... which we could not support, such as casinos, alcoholic products, and certain types of armaments. Do we thereby avoid them all, probably at a cost to our investment results? Then there is the presently-popular South African cause. Should all companies having anything to do with South Africa be avoided? I have heard a strong case made for certain companies that it is exactly their enlightened employment practices in South Africa that offer the best opportunities for change and that to "punish" these organizations is not helpful to the cause of the oppressed minorities.
>
> In spite of the complexities of the issue, we do pledge to take the matter seriously.

Four years later, De Wit updated the issues as he saw them then. I quote extensively from his letter. The letter is interesting not only because of its explanation of Calvin's position, but also because of the information it contains about TIAA.

> OK selects the specific investment vehicles within our guidelines, which, among other matters, excludes investment in companies whose primary purpose is to product liquor products, tobacco products, or the operation of gaming houses.
>
> Some of our students have reacted against our investment portfolio and... that reaction has been directed almost exclusively at so-called South African investments.... The... Board of Trustees... decided not to divest at this time, except for those companies which are not Sullivan signators. The Board directed the administration to correspond with our "South African" companies to solicit a policy statement from them about their attitude towards apartheid.... The

companies have all responded promptly, some of them advising that they have sold their South African operations.... Personally, I believe this will generally be the result of the pressure that is being applied to these firms.

Much of the Board discussion revolved around the advisability of developing a set of guidelines dealing with a variety of social responsibility criteria. However, it soon became clear that it is one thing to desire such guidelines but quite another to become specific about it. Some want to eliminate all investments in any company that has anything to do with defense contracts. Others want to concentrate on the Central American problem.... Many others want to highlight Russia's oppression of various peoples and therefore eliminate investment in any company that deals with Russia, etc. If all the proposed criteria were included in the guideline, I doubt very much if there would be any company remaining that would be "pure" enough to warrant our investment.

We, and almost every other college and university, write our faculty pension program through TIAA-CREF. Some students and faculty have suggested that we get out of this plan because TIAA-CREF has not elected to divest from "South African" stocks. However, to find a replacement vehicle that can match the performance and portability of the... plan would be well nigh impossible. Furthermore, said replacement plan would inevitably run into the same problem—because of investments in companies tied to Central America, Russia, defense, luxury goods, or whatever. Because the faculty of every institution wrestles with this pension problem as it relates to TIAA-CREF, that company has issued a whole series of position statements on the matter.... TIAA has just adopted a policy, asking companies to withdraw from South Africa, rather than divesting from the stock of these companies. Of, course, since they have billions of dollars invested, on practical grounds alone, divestment is not a realistic option for them. The dumping of so many shares would depress the market significantly and would undoubtedly lead to legal action from faculty around the country claiming violation of trust responsibilities.

Personally, although I was initially on the side of divestment, I now look at it as a purely symbolic act. We sell our few shares, someone else buys them. Neither the company nor South Africa knows that we have done so. We make a statement to the Press, they print it, and that

> is the end of it. We have no further avenues through whicb to contact the companies. disinvest from South Africa, although I am not certain that this will have any positive impact towards dismantling apartheid either. As As a matter of fact, the South African owners of what are now US... operations are not likely to be an improvemt for the blacks. It is, obviously, not a simple matter.
>
> John..., I would be pleased to receive your reaction to what we.... ...are doing. Maybe you can shed a clearer light, looking at it from the African continent.

There are a number of comments I want to make about these letters. First, it is clear that Calvin is struggling seriously with the ethical question and is particularly impressed with the complexity of the issues.

Secondly, though Calvin claims to have excluded liquor and tobacco concerns from their portfolio, Philip Morris has been a recipient of their investments.

Thirdly, it appears that the Calvin constituency is more divided amongst itself than are the constituencies of some other, more liberal, denominations, for some of the latter have sufficient unity of mind so that they have been able to create some kind of grid for social investment policies.

Fourthly, De Wit, at least, is aware that a consistent application of social criteria would probably lead to total divestment: no corporation would be "pure" enough to receive investments from Calvin. A "clean" portfolio is not possible.

Fifthly, there is the same awareness we discovered with respect to the United Methodist, namely that it is difficult to get out of a trap built by oneself. The entry was voluntary; the exit difficult if not impossible. The reason for De Wit's dilemmma is also the same: lack of responsible theological, ethical, structural and economic analysis at the crucial time. Of course, it IS possible to exit, though it would have to be carefully planned and would take some time—and determination, whicb may not be there. In the meantime, Calvin is deeply tied to the happy family.

Sixthly, Calvin, in spite of its strong official educational policy to subject all of its teachings to the Bible in a radical way, does not seem prepared to take the radical step that the situation as weli as its educational philosophy would appear to demand: divestment from involvement with those wbo in their business dealings pursue policies and practices that are contrary to that same Bible. It appears that the College is prevented from doing so by a Board, which, representing an already divided constituency, is also itself so divided that they can only add complexity—or confusion?—

to already complex economic and political realities. A house that badly divided cannot act decisively.

De Wit's successor, Boer, informs me that recently the College has "made a much greater commitment toward avoiding South African investments." However, developments in 1990 being what they are, he is wondering whether avoiding such "is the best position to take." And while De Wit was aware of the wider implications of the issues involved, in a letter to me, Boer appears to restrict his reflections to the South Africa issue. He is concerned to show me that both TIAA/CREF and OK have vehicles by which one can avoid South Africa.

Actually, CREF's social grid also excludes involvement in production of weapons, nuclear energy, alcohol, tobacco as well as investments in Northern Ireland, if the managers have signed a code of conduct known as the MacBride Principles. The Fund also is serious about ecological issues. Furthermore, CREF is becoming a more active participant in the social investment movement as a whole. But Boer omits reference to all of that and shows interest only in the South African issue. Furthermore, he does not state that Calvin's funds are restricted to this particular account. Certainly, in the past they were not. In fact, the account did not exist.

I have already referred to the few other colleges that belong largely to the CRC constituency, though not to the church. Most of them do not have much money to invest. Dordt College in Sioux Center, Iowa, is much smaller than Calvin. It also has TIAA take care of its pension plan. Of the college's small investment portfolio, a large proportion is invested in various utilities, hut it also includes Boeing, K-Mart and Polaroid as well as some smaller corporations.

Bernard De Wit informed me that, since the College has such minimal investments, they have "not set any criteria other than it being a safe investment. We do not monitor the policies and practices of the companies in which we invest. We do not do anything to influence policies and practices."

Trinity Christian College, close to Chicago, has provided minimum information. It appears to have only a small portfolio that is mostly invested in "liquid money market instruments." Their pension affairs are entrusted to TIAA. Trinity's Van Swol indicated that the College has no investment criteria apart from being "interested in current interest income." The college has no input in investment decisions by TIAA.

Reformed Bible College in Grand Rapids, Michigan, is less controlled by the CRC constituency, but it certainly is part of the scene. A few years ago, the College had only about $225,000 in investments. Utilities featured beavily in their portfolio, but it also included Tenneco and Trans America Finance. The College's Holwerda indicated that it has basically no social criteria for its investments. Its pension fund is administered by Christian Scbool International and it appears that Holwerda does not know about their investment policies. As to its other investments, they are managed by a bank "subject to our approval or intervention." The College "has established an investment objective of maximizing current income consistent with sound investment standards. In according with this objective our banks sets criteria." The College, furthermore, does not "specifically monitor policies of companies in whicb we have investments. If specific problems are brought to our attention, we can direct appropriate action by the bank." Enough said.

There are three tertiary educational institutions in Canada. However, none of them have enough finance for investment. So, the question does not arise there. However, former President De Waal of The King's College in Edmonton, did indicate that the College is aware of ethical questions, for it set up two committees that were to "review, respectively, the appropriateness of large gifts and the prudence of a certain investment. In both situations the actions must be `compatible with the aims and objectives of the College.'" He further explained that "considerable discussion has continued and initial actions have been taken to be Christianly responsible in matters of receiving and investing funds." I am glad to recognize that here is an economically poor and new college that at least recognizes that its economic practices must be in conformity with its overall aims.

Very mucb part of the life of the CRC constituency is a system of primary and secondary schools that are independent from each other and from the denomination. They have an association known as Christian Schools International (CSI), based in Grand Rapids. There are pension plans sponsored by CSI on behalf of the employees of the member schools that are managed by external investment agents. They do not use TIAA. Though the officer referred to saw no value in providing me with a list of companies—he refused this request twice—, he did mention that some of these pension funds go to mutual funds "wbich cover a wide spectrum of investments." By July, 1990, the Fund bad assets exceeding $100 million.

I am happy to report that CSI is in process of developing an ethical grid. At the first stage of this study, I was assured that

> neither the Trustees, nor the investment manager will knowingly select investments whicb would be objectionable to the majority of the participants. There are no gambling, liquor, tobacco or any similar issues directly represented in the stock portfolio..

Since 1986, the CSI policy has been revised twice. The second revision, dated July 13, 1990, clearly indicates a dynamic situation. In addition to screening out those listed earlier, pornography, race/colour, South Africa, equal and fair employment practices, equal pay for equal work, upgrading skills and positions of minority workers and social environment outside of work are now live issues in their policy. I am happy with this positive development and trust that in time the screen will address more issues still.

However, no indication is given as to how actively this screening process is followed. What about verification? Has CSI ever divested itself of investments in a corporation found to fall outside their narrow screen?

The executive in question wrote that, since I have been studying in this area, I could perhaps tell CSI which companies would be considered as representing investments which reflect "economic and political policies that are directly hostile to the Gospel missionaries are to bring." Of course, the whole purpose of this book is to do just that.

The Awareness of CRC Outreach Organizations

There are a number of outreach organizations within the CRC that merit careful scrutiny, such as Christian Reformed World Relief Committee (CRWRC), Board of Home Missions (HM) and Board of World Missions (CRWM). Though these organizations have no investment funds to speak of, they are mandated to spread the Word in a world deeply affected by the economic order of the West. Especially the staff of CRWRC and CRWM are where the misery is; they see it daily. It will be useful therefore to see to what extent they are aware of and concerned with our problems.

The 1978 Synod accepted a report submitted by a Task Force on World Hunger. This Task Force was organized under synodical instruction by CRWRC, the development agency of the church. The Task Force had two booklets published from which we will draw to indicate the level of official denominational awareness of these issues. I will simply reproduce relevant statements from these booklets either in exact quotation or in summary. I will take the booklets in order of their publication, the first of which is *And He Had Compassion on Them.*

> We are aware that world hunger is not an isolated malady that can be treated without reference to world trade, economic systems, political policies, or the power of transnational corporations, for good and for ill, upon the peoples of the world.

> It has become increasingly apparent to us that our action cannot focus only on changes in our personal and ecclesiastical life.... The

reader will observe that we often speak of the basic structures and systems of our society and culture.

The West, including Canada and the USA, is a net importer of protein from the poor nation.

We do not believe North Americans have consciously intended to take essential resources from the poor. But that seems to be the end result of economic structures in whicb we bave, perhaps unwittingly, participated.

Under colonial rule, economic structures were developed in many of the poor nations whicb were designed primarily to benefit the ruling country. Remnants of these colonial institutions continue to limit the economic possibilities for many countries.

Raw materials and primary products account for most of the export earnings of poor countries, but often receive a low price on the international market. The rich nations then make high value products from these materials.

Manufactured products and technology, desperately needed by the poor countries, constantly grow more expensive in proportion to the price of raw materials, so that the terms of trade increasingly favor the ricb nations.

Since colonial days many poor countries have depended on a single raw material or crop for export, and thus are more vulnerable than the broadly based ricb countries to fluctuations in the world market.

The ricb nations tend to place lower quotas and higher tariffs on manufactured or secondary goods imported from poor countries than on those traded among themselves. This often deprives a poor nation seeking to modernize and diversify its only potential market.

In 1977, poor nations received $30 billion for their 12 main products (excluding oil), while the final consumer pays $200 billion. The other $170 goes to the international middlemen, primarily in the West, wbo process, package, ship, distribute, advertise and sell these products. The arrangement works to the disadvantage of the poor nations and perpetuates their poverty.

Again, it is not our intention to accuse North Americans of their unjust wages. The point is rather to ask wbether the effect of the present international trade relationships does justice to the poor.

Private investment does not necessarily benefit poor countries.

Are business ventures abroad compatihle with the requirements of development in the poor nations? Not necessarily. Private enterprise thrives on the profit motive. Companies go to unfamiliar lands, where the risks and difficulties tend to be abnormal, because they expect to make a return on their investment great enough to offset possihle disadvantages. This applies pressure for a "quick kill" on profits, or for excessive long range returns, a situation that often counteracts healthy growth in those countries. Company representatives may have no idea, or a warped idea, of a country's own development plans and, if so, decisions will reflect this. **Evil intent is not a prerequisite.**

When does an investing company's need for a reasonable profit coinflict with the development needs of a poor nation? What responsihility do investing companies have to mesh their plans with the needs of the poor and hungry in the country they are entering? What duty does the home country have in policing the practices of its corporations in poor nations? These are new questions for many of us. They are questions of involvement with the poor and hungry, which, perhaps for the first time, we, as officers in corporations, corporation stockholders, and citizens of Canada and the USA are being called to address..

The second booklet has the title *For My Neighbor's Good: World Hunger and Structural Change*. The title indicates interest in structural aspects. So, let us see what the Taskforce came up with and what Synod approved.

The question is whether existing structures practice stewardship in their use of agricultural resources.

In some not so mysterious ways, the harvest seems to pour from the fields of the world into the mouths and pockets of the rich.

Increasingly, agricultural lands in North America are being purchased, not hy those primarily interested in farming, hy those seeking capital gains. Such owners... exploit the land for its highest short-term yield at the expense of its long- term agricultural productivity. They eliminate grassy drainage-ways, abandon contour farming, with a view toward more production per unit of effort. And when erosion intensifies, the land becomes suitable only for its owners' intent: urban development.

Another food system problem in North America is the outpricing of cereal grains. Cereal grains are some of the least expensive foods produced in North America. The farmer knows this all too well. And yet it seems that by the time they reach the kitchen table, they have become very expensive. The present structures of advertising and selling colorfully packaged and highly processed cereal grains... produce sucb an expensive product that the price we pay for one box of cereal is nearly enough to buy a whole bushel of grain.

The general world economic order is making it practically impossible for the poorer farmers, whether in the West or South, to obtain the loans needed to enhance their operation. Loans tend to go only to farmers who have the collateral. Thus farmers with larger operations, including more land, more buildings, and more machinery, obtain loans denied the small farmer.

The ordinary farmer does not have at his finger tips the latest scientific knowledge of agriculture or the skills necessary for obtaining credit, wbereas the agribusiness corporations have all these readily available to them. Farmers in the South often cannot cope with these corporations and frequently end up selling their land to them, either voluntarily or under duress. With the increased size and sophistication of corporate farms in the South, their operators recognize that more money can be made on cash crops for export to the richer nations than on food crops for the locals. As more land is converted to cash crop, available local food becomes more scarce and expensive. In addition, the corporate farms are mechanized so that they often do not absorb the displaced farmers into the labour force even. Result is more urban drift.

While they were colonies of Western powers, many southern economies and their agriculture were shaped not to serve local needs for food, but rather the interest of the West in tea, coffee and spices. Although no longer political colonies, many of these nations have not been able to restructure themselves adequately to produce the food they need for local use. Economic and social structures imposed upon colonies were not always consistent with the professed Christian beliefs of the West. The churcb generally tacitly approved of colonialism, if not outrightly explicitly.

North American grains are often exported to the South and they undermine the local farmer who cannot compete with cheaper prices. Farmers either shift to casb crops and thus available food is reduced. Else farmers go out of business altogether.

TNCs generally have their top management in the West and they make their decisions in terms of their own global interest, not in terms of the various countries that host them. This situation has a built-in clash potential, for private global interests of profit-oriented TNCs seldom co-incide with southern national interests. For example, a host nation increases interest rates on capital. A subsidiary of a TNC can receive capital from its parent at global interest rates, thereby achieving a competitive advantage over a local corporation. Also in the pricing of items produced by subsidiaries and sold to other subsidiaries of the same TNC, TNCs can avoid some of the tax burden they would have to meet if they were only national in scope. An affiliate in the country could bill an affiliate in another at a lower price and thus reduce importation duties

The power of TNCs in the world economy is tremendous. Many of them command more finances than some southern nations. Since the ultimate goal of these TNCs is higher profit, they find it desirable and even necessary to control their pricing and marketing to take advantage of the variation of tax laws in their different host countries. They are almost forced to do so in order to remain competitive. And since subsidiaries are not set up in other countries for the purpose of philanthropy or for improving social welfare, there is no reason to expect these corporations to make profit-losing decisions for the benefit of the respective nation-states in which they are located.

Many TNC executives often find it impossible to act on basis of their beliefs in justice, for reasons of corporate survival. They might support moves towards corporate codes of conduct if they were sure sucb codes would not place them at a competitive disadvantage.

The economic order created by TNCs gives the illusion that more is generally better. In the service of maximum profit or economic growth, material value often take precedence over other ones. Thus, in the name of profit, sugar-coated breakfast cereal is peddled to

North American toddlers, and caramel-colored sugar water is peddled to the poor so that they can join the "Now Generation." Economic growth and profit become ends in themselves instead of means to a larger end. Rather than serving the development of people as image-bearers of God, economic growth reduces them to consumers of material goods. Profit, rather than being an instrument in service of God and neighbor, becomes a false god for whose sake people are induced to satisfy artificial needs at the expense of real ones.

The CRC Synod of 1978 asked CRWRC to collect information on world hunger for distribution among the clergy in order to help the latter give "a prophetic witness to our Christian responsibilities in alleviating hunger." In response, CRWRC published *World Hunger: Hope Amid Pain*. This booklet was designed so that people may "quickly acquaint themselves with the nature of the problem, how it may be alleviated, and how it affects them as citizens of Christ's kingdom." No small task that! The booklet shows clearly that at least its authors are aware of the dimensions of hunger and oppression.

In fact, it can be shown that CRWRC and presumably readers of the booklet are aware in principle of all the issues that have so far been treated. Several of the concepts found in the publications of the Task Force on World Hunger are found here also and thus do not need to be repeated. Some representative statements are either summarized or quoted:

Development means the alleviation of powerlessness.

The poor have hope when Christians choose to identify with them, defend their rights, and live with them.

The quality of life for many in the South has decreased recently.

Bottlefeeding can be fatal. Encouraging breastfeeding, improved hygiene and nutrition, and regulating the marketing and advertising of breastmilk substitutes could save one million infant lives a year.

Advise is given to learn the stories behind your food. Who grew the bananas, lettuce or beef you are eating today? What are their lives like? Discovering answers to such questions could lead you to take action.

The CRWRC is not only deeply aware of the problems, but they have tried hard, in the context of the Taskforce for World Hunger, to educate the constituency. That is to say, they expose the problems. However, I am not aware of any efforts on their part to educate the constituency as to their own role in these problems through investments or to urge the constituency to exercise their ethical responsibilities as investors. They shy away from stating the obvious, perhaps because doing so would cause them to lose their popularity and, thus, their support base. A radical image is dangerous in the CRC, in spite of the desire to submit all areas of human life to the Bible, whicb is itself, when taken seriously, a very radical desire.

Though CRWRC had arrived at a real platform from which it could launch out to radicalize the denomination on these issues, its attention and that of the rest of the denomination were diverted to squabbles that absorbed much energy but were of little importance to the rest of the world, namely the relationship between CRWRC and CRWM. The denomination as a whole began to pay its primary attention to whether or not women are allowed to be office bearers in the church. Once these became burning issues in the CRC, the denomination all but forgot the concerns it had begun to pursue in sucb a promising way. Recently the relationship between CRWRC and CRWM has been regularized and in 1990, Synod opened all the cburch's offices to women. These developments could pave the way towards a return to our issues. Alas, in the meantime other issues have taken on a prominence that are likely once again to push our concerns to the background.

CRWM serves in many countries as an agency for church planting and evangelism, though in Nigeria its activities have traditionally covered a much wider range of concerns. They are engaged in medical, educational, agriculture projects as well as in community development, publishing and various types of conscientization. Their involvement in these areas is mostly through staff seconded to Nigerian organizations. About a decade ago, CRWM has become increasingly conscious of the relationship of mission to injustice and oppression. Since many missionaries included such issues in their reports to and discussions in the Grand Rapids beadquarters, CRWM established a committee to deal with these issues as they relate to missionary concerns. Missionaries were to share their problems in this area with the committee. The committee, in turn, would aid them in sharing relevant information with the constituency. However, the Committee never got off the ground, because it was deeply divided, including in its membership one lawyer who, I have been told, had South African apartheid interests among his clients. Thus, though justice and oppression became official mission issues, they never became very dominant in practical decisions and programmes. Some members on the Committee admitted to a feeling of helplessness. I judge that the issue of justice and oppression, though official, is not very alive among CRWM administrators, especially these days when needed financial contributions are more difficult to obtain! Another inhibiting factor is CRWM's growing exclusive concentration on church growth. It should be stated, though, that CRWM was among the participants of the Taskforce that produced the reports from which I have quoted extensively above.

The former Executive Secretary, Eugene Rubingh, was probably more sensitive to our issues than anyone else in CRWM headquarters. In one report to Synod, he recalls how the prophets of old used to unveil evil in no uncertain terms and suggested that the CRC has a similar task. He wrote:

> In order to speak clearly the message of the gospel..., we need to have information that is accurate and up to date.... We may not salve our conscience by speaking about injustice in far countries, while avoiding the activities of our own nations.... We must not make impassioned speeches about evil without making a serious effort to bring about change. In the developing of this awareness, our missionaries can provide us with information about conditions in the nations in which they serve.
>
> Our primary focus on this matter ought to be on our own responsibilities to address our own countries. The political and economic decisions made in our capitals have a powerful effect overseas. Our business community makes decisions that affect living conditions around the world. Political and economic decisions made here in North America may cause harm to people in other nations and may hinder our Christian witness. ... We are responsible for the decisions and programs of our nations and their international effect. We have the right, duty, and privilege to address our own governments—and, I would add, corporations—when injustice demands our testimony.
>
> In response to the concerns presented..., the board decided to encourage the missionaries to... inform the home office on these issues. Furthermore, they were urged to address these issues while on home service in order to keep the churches informed and to challenge them to exercise Christian responsibility. In turn, members of the staff were encouraged to write timely articles on this subject and to initiate appropriate action.
>
> The board also lays before synod the following request: that synod be requested to call on our church and its leaders to be prophetic in responding to injustice, oppression, and unrighteousness, being aware of the sin of silence. ... We must pay special attention to

> theoppression which exists in societies which receives support from the governments and businesses of North America.

My only response to these comments is: right on, brother!

But, surprisingly, Ruhingh has also recommended that the mission recruit members of the CRC to serve with TNCs as so-called tent-making missionaries. In an effort to interest various types of Christian professionals in serving abroad for purposes of Christian witness, Rubingh wrote:

> There are already in place abroad some 25,000 US and Canadian firms (counting their affiliates and suhsidiaries). In food production, engineering, education, media, and medicine the openings are abundant. How is it that the Christian church is so massively missing this opportunity?

It appears to me that Rubingh may not have been sufficiently aware of the dangers of missionary association with such corporations any more than missionaries recognized the dangers of association with colonialism in an earlier era. This latter suggestion is in flagrant contradiction to what he wrote in Acts 1982. I am of the opinion that such an association is most likely to place a Christian in a dangerously compromising position.

I have little or no concrete information about these questions as they concern the Board of Home Missions (HM). I do remember a discussion with a member of headquarters staff about these issues. He explained that these issues have not been considered by the HM community, certainly not officially in headquarters. When I asked how HM could do evangelism in the North American context without touching upon some of the basic economic and social pillars of that society, he simply responded that it was a matter of growth. Sooner or later, he surmised, the issue would become a concern at HM. For me, it is nothing short of amazing that millions can be spent on a continent-wide programme of evangelism and church planting without the economic underpinnings being considered relevant! This attitude strikes me as a seriously truncated Kingdom vision!

The Awareness of the Constituency

It becomes much more difficult to measure the investment practices of CRC individuals. I have already referred to a questionnaire I circulated widely throughout the denomination. For the sake of brevity, I refrain from explaining the methods I used or the obstacles I encountered. Suffice it to say that the obstacles were considerable.

Though many of the people I asked to serve as contact points were cooperative, they reported that the people to whom they gave a copy often refused to fill it in. This attitude was generally interpreted by these contacts as lack of interest in these questions or even, in a few cases, outright hostility towards the project. Even of those who did return the questionnaire, some returned it blank, saying either it was none of my business or the questionnaire was not properly prepared. An administrator of one of the denominational boards filled the document in but then added the threat that if I used the material in a publication, he would publish a disavowal.

On the other hand, a number of respondents, without being provoked to do so in the questionnaire, expressed their appreciation for having the issue raised. They were already aware of the problems and thought my project would help make the rest of the church aware by the very act of filling in the questionnaire. In the case of at least one church, the questionnaire was used for a study group and it thus became an occasion for group consciousness raising.

The 108 responses from the constituency and the additional 43 from foreign missionaries were sufficiently scattered so that they can be used to indicate trends, though with great care. The respondents belong to every type of occupation one can imagine, though educationists at all levels predominate. Even if the exact statistics may be based on too few samples, certain trends can be detected.

Of the domestic respondents, 50% (21) invest in the stockmarket directly, while 39% (39) invest indirectly through mutual companies. (The open figures represent those of the home constituency, while those in parentheses those of the missionary staff, both CRWM and CRWRC). Some invest via both routes—31% (16) —so that you cannot simply add the percentages of those wbu invest and think you have 89% of the domestic constituency involved in investments.

One conclusion that can be drawn is that the CRC constituency is an investing community, especially if you remember that the above statistics do not include those who invest in precious metals, in real estate or who leave their funds in banks and other institutions.

Then there is the question of pension. The responses indicate that even though quite a few people pay into some pension plan, they know little or nothing about their plan. Some either suspect or know that their pension plan is based on investments, but beyond that they know little. Hardly any of the respondents indicated any real concern one way or the other about their pension plan: they pay into it and forget it.

Turning to ethical and social questions, only 18% (5%) recorded they had ethical problems with the MPF programme; 33% (28%) had ethical problems with the stockmarket in general, some 14% (7%) regarding it as a gamble.21%. (30%) had ethical problems with mutual funds. 69% (83%) recognized ethical critera for investing, though only 30% (51%) actually suggested specific criteria apart from the general proposition that investments should not go against Scripture. Amongst the proposed criteria, ecology and justice, especially as it concerns the South, were prominent. 34% (37%) affirmed that they had read at least some literature concerning corporations and ethics, while 19% (46%) said they knew of at least one organizations that concerned itself with these questions. 58% (76%) recognized potential ethical conflicts between investing and the Christian mission in this world. As to the meaning of "NIEO", only 5% (9%) knew that it means "New International Economic Order," a very prominent term in international discussions on economics during the last two decades.

Some interesting observations emerge from these statistics. Clearly, the CRC constituency recognizes the need for ethics in the world of investments—69% of those who answered the questionnaire. Also, a high percentage recognized the potential for conflict. At the same time, a much lower percentage experienced concrete ethical difficulties. There are potential conflicts, but they often are not realized in fact. I interpret this to mean that many are not aware of the factual situations of many TNCs.

The home constituency is more concerned with MPF than is the missionary community, but this is most likely so because the missionary force tends to be relatively young and thus would not be so concerned with retirement. The missionary force invests less than does the home constituency and tends to be more aware of the ethical issues. No doubt, both their reading and their experience in the South have served to sensitize them more. The answers to the question about NIEO indicate that few people read UN and WCC literature dealing with these issues.

One request that quite a number of people wrote on the questionnaire is that I provide information that will help people who have money to invest, but who know of no alternative sources of information and other help.

There are a number of people within the CRC orbit who have a highly developed awareness of the issues of this study. There is Antonides, who wrote a book on the topic from which I have quoted occasionally in earlier pages. However, later he wrote me that he could no longer agree with his own book, for he had leaned too much on leftist ideology. Nevertheless, his awareness is acute.

Then you have Nicholas Wolterstorff of Harvard, formerly of Calvin College, whose book, *Until Justice and Peace Embrace*, regardless of the strong denouncement written by Richard Neuhaus, constitutes a valiant effort to awaken his church with respect to questions related to this study.

He displays profound awareness of the issues and expresses his deep disappointment in the denomination that has so emasculated its potentially powerful and radical Calvinist theology. He was an adult before he learned of "the radical origins of the tradition in which he was reared." He wrote, "Learning of those origins has given me a deepened appreciation of my own identity. It has also produced in me a profound discontent over my tradition's loss of its radicalism. Why has it become so quiescently—sometimes even oppressively— conservative?" I have long harboured the same question with the same intensity. Indeed, why?

Another Calvin College figure is Hugo Zylstra, who has for years taught courses on world hunger and its causes. There are also some among Calvin's teachers of economics who are deeply concerned, but they have complained of being spied upon by CRC members via their children studying at Calvin. They feel hamstrung and not free to speak or act as they would like.

There is the Committee for Public Justice (CPJ) based in Toronto, an organization that has spent much energy, imagination and resources defending various Indian groups against the onslaughts of oil companies in Canada. CPJ is not a denominational organization and has many members and staff from various churches, but its origin is basically CRC and it continues to depend heavily on that denomination.

These initiatives and pockets of concern are there within the CRC and I gratefully acknowledge them. I am also grateful for the fact that a high percentage of the constituency recognizes the need to submit one's investment practices to the Word of God. That recognition also exists among MPF people and it needs to be acknowledged. It can potentially form the basis for a new approach to the issues under discussion.

CONCLUSION

The main fact I have brought to you in this chapter is that the CRC as a denomination and as constituency is very much integrated into the happy family. We have also found that within the CRC constituency it is not always easy to access the facts of investment involvement. That difficulty is no problem to most members, for they are not particularly concerned or worried about their involvement or that of their church.

A serious problem is the lack of awareness of empirical facts. The CRC constituency simply does not know—perhaps does not want to know— that TNCs often have negative effects. They blithely assume that TNCs have largely beneficial effects. The basic Scriptural principle is there, but the facts are missing, obscured in part by capitalist ideology. And so they invest rather blindly. Attempts at exercising investor responsibility are at best half-hearted. Wide cleavages of opinion contribute to the CRC's powerlessness as well. Isolation from the ecumenical world also means being out off from world-wide discussions. Recognition of the complicated nature of the problems further inhibits any concrete action. And, of course, as long as one is a comfortable recipient of dividends and other benefits from TNCs, it takes some extraordinary doing to research voluntarily and actively the facts of the matter. It is much easier and more profitable to simply accept the propaganda and ideology promulgated by the TNC culture.

Wealth, I have asserted elsewhere, tends to stupify. I believe this has happened to some extent in the CRC. The considerable amount of money the constituency has for investments has stupefied her to some extent, made her insensitive to the causes of world hunger and made her easy prey for the advertisements and other public relation efforts of TNCs and their allies. The CRC has bought into a system that cannot be justified from the Christian perspective, certainly not from the Reformed perspective. The mentality of the middle to higher middle class has stultified the constituency's spiritual imagination and courage. The potentially revolutionary Reformed heritage of John Calvin and Abraham Kuyper has not been allowed free scope. The rationalizations of capitalism have taken over.

Though I have just said that the basic Scriptural principle is there, this is not the whole truth. The demand for taking concrete ethical responsibility for one's investments is missing. There is an almost reckless abandonment of responsibility: untold millions of dollars are entrusted to all kinds of investment managers with either few questions asked or with little intention to follow up the answers obtained. It is largely an unconscious policy of leaving the sleeping dog lie. In this regard I judge the CRC and her constituency to be highly irresponsible. In the area of financial stewardship all the main social doctrines of the church are ignored, neglected, bypassed. Denominational shibboleths about the Kingdom of God, the Lordship of Christ, the application of Scripture to all of life, stewardship—they hardly function. In the matter of economic involvement, the CRC is in danger of betraying itself, the world and her Lord.

To end this chapter on a positive note, I also draw attention to the direction of things in the various CRC related organizations. Those in charge of the pensions funds of MPF, of those of Calvin College and of those associated with CSI are moving in the right direction. I gratefully acknowledge that trend. But why should a denomination with such revolutionary doctrine be so far behind others? Why should she not lead?

chapter 15

Towards an Alternativa Christian Styla of investment

We have now reached the most difficult part of this book. So far we have seen what is right and wrong in everyone else's approaches. I have indicated that even the approaches I appreciate the most are still fraught with ethical problems of involvement in the happy family. Is there a way out?

Before proceeding any further, I want it understood that the alternative I develop in this chapter is meant as a supplement to the efforts of the ecumenical world as I have described it earlier. It took me some years to accept the ecumenical approach as legitimate. I do not mean in this chapter to deny that legitimacy. The world being what it is, I would encourage Christians to go that route, to join it. However, I would also encourage other Christians, or perhaps even the same ones, to join the adventure about to be discussed as well. It will be more consistent, more radical and will require greater daring and creativity. Though I accept the ecumenical route, I prefer this one.

Sanctification is a life-long process never to be completed. The same holds true for the sanctification of our stewardship practices. Though it is incumbent on us to submit our investment practices to the process of sanctification, it will remain an unending struggle. Problems will remain and they will have to be faced in the concrete situation. Often painful compromises will have to be dealt with and accepted. No matter how consistent an alternative one would design, difficulties will remain. There is no complete escape in this world. But we must dare to make mistakes in the name of our Lord. And above all, we must dare to trust the Holy Spirit to fulfill His promise to lead us into the truth as we struggle in His name in this fragmented world. We ought never allow the complicated nature of these problems to paralyze us and become an excuse for doing nothing.

When I talk about an alternative to all that has gone before, I am talking about a COMMERCIAL alternative. Quite a number of churches whose approaches I have discussed in earlier chapters, in addition to investing in TNCs, also invest in all sorts of projects that either produce very low yields or none at all. Such projects may be housing for the poor or providing seed money for starting up businesses hy members of minority groups. Good and necessary as such projects may be, that is not the kind of approach I am discussing here. Those are projects of justice and charity on the part of the church and other investors. I am talking here about alternatives in the commercial and industrial areas of investment, the profit sector.

Our friends at Jubilee, publishers of *The Other Side* magazine, warn us not to be taken in by the apparent glories of socially responsible investment. Just because a lot of fine investment alternatives exist doesn't mean you ought to go hog wild over them. To pour thousands upon thousands of dollars into socially responsible investments is anything but socially responsible if all you're doing is building up a superfluous excess of cash.

They are so right. But we are not talking about simply storing up huge amounts of unproductive wealth. There is not only nothing wrong with owning great wealth, but it can serve as a positive good if productively invested in ventures-for-profit in the name of Christ. In fact, though the present level of wealth in the Western world can be said to be partially based on injustice and wrong capitalist exploitation of other peoples, I regard this wealth now as a God-given call to Christians in those cultures—as well as rich Christians in other parts of the world— to use their wealth in a way that expresses their Christian mission in this world. It is better to give a fishing rod than a fish. It is better to organize profit-generating ventures in the name of Christ than to simply give away most of your wealth. By giving away your wealth, you would be leaving the world of commerce and industry to the capitalist. It would be a cop out. I am not sure which would be worse: the traditional "plug in" policy of Christian involvement in the happy family or the cop out proposed by Jubilee. Their cop out, I suspect, is the result of a vacuum in their theology that prevents them from recognizing commerce and industry not merely as potential areas for Christian mission, but as **vehicles** for such mission.

The distinction between these two terms in bold print is crucial. Evangelicals, in so far as they have had a vision for the world of economics, have regarded it basically as an area in which the participants need to be evangelized. The standard styles of operation within the world of economics and its structures, however, are hardly ever questioned, though that cannot be said of Jubilee people. By and large, capitalist style and structure are accepted basically as they are, except where there are immoralities too blatant to ignore.

I, on the other hand, regard economic activity as a vehicle for mission, that is, as a vehicle to carry out our basic task in this world as prescribed by Scripture, a task that is much wider than evangelism. The basic Biblical expression of that task is often referred to as the CULTURAL MANDATE of Gen. 1:26, 28. Allow me to quote from an earlier writing to explain the Cultural Mandate.

> Man was to have dominion over all the earth. That was made more concrete in the Garden of Eden which man was to tend. The first recorded command for man [in the Bible] was not to pray or build a church or to engage in any other primarily "religious" activity. It was to tend the garden, to rule the earth. This command is commonly referred to as the "Cultural Mandate. To carry out this task was man's inherent and created nature; it was not a secondary task; it was not one merely implied in a grander or more spiritual task, it was his task. That was the way in which man was to serve the Creator God. **That was his religious service—and is!**

Sin entered into the picture and changed the situation drastically, but it could not stop man from carrying out this natural task that was embedded deep within his soul by virtue of creation, for he did not cease to be man. Allow me to quote myself once again:

> Gen. 4:17-24 presents us with a clear picture as to how man proceeded after the fall. We are told of new cultural developments and intentions, but these were not placed in the service of God or mankind. Lamech boasted of violence and of surpassing God in dealing with his neighbour by replacing justice with revenge. That pattern is typical of the post-fall situation. On the basis of his own spurious kind of wisdom, man thought himself capable of erecting cultural patterns that would lead to his own glory [or profit!] However, these patterns are invariably twisted, lead him in wrong directions and usually tend towards oppression.

Many, if not almost all, TNCs have followed that pattern. They are twisted by their own internal logic, by their very reason for existing, namely profit. They are expressions of the way people carry out their Cultural Mandate in the economic sphere during the postfall era, but twisted expressions that tend towards oppression and distortions instead of enhancing positive development of human culture.

However, the Cultural Mandate has not been revoked and it has not been blotted out of human nature, twisted and distorted though it may have become. The mandate or mission for the Christian—and, for that matter, for others as well, regardless of their religion—is not to withdraw from the economic sphere but to redirect it in a positive way. Sometimes this can be done by reformation; at other times more radical revolution is needed. I opt for revolution, for the changes to be made are radical in nature. When you take the priority of profit out of corporate life, you are not merely making a minor adjustment: you are changing the very soul of the system. That is revolution, though not, I pray, a bloody one.

The mission of the Cultural Mandate, then, remains natural to us and obligatory, also in the economic sphere. Opting out is not a legitimate choice. The question then becomes not one of whether but of HOW we ought to be involved.

I see no Christian justification for choosing Marxism or any other form of socialism. For one thing, Marxist theories of man, of a closed universe and materialism are so hopelessly unrealistic and unscientific that they have no credibility, let alone the cramped style of Marxism and its praxis of oppression officially embedded in its sub-ethical theories. When property and enterprise are all usurped by the state, the state becomes all pervasive and no opportunity is left for people to freely develop their potentials given them by God. Talent is stunted and enterprise dulled. Besides, the way the people under Communist regimes suddenly rejected it altogether when they saw their chance to do so in 1989 and 1990 has totally discredited that approach as a viable one.

On the capitalist side, there are many aspects that are admirable and have developed out of a Christianized, not to say "Christian," consciousness. Private property and private enterprise are presupposed in the Bible, though the private aspect of these is never absolutized. The private aspect is always placed in the context of social responsibility. The differences in production between the West and the East are no accident. Freedom may allow for terrible distortions, as Michael Novak never tires of pointing out, but it also constitutes the condition for creativity and ingenuity not found in socialist societies. Marxism may seek to restrain these distortions but it also hinders creativity and incentive two basic necessary ingredients in any viable economic system.

Furthermore, the corporation type of organization with its device of investment is an expression of community: people from all over, most of whom do not know each other, co-operate by pooling their resources to accomplish their desired aims. Churches work that way; corporations work that way. It is utter nonsense to ascribe individualism to corporate structures; they are communal efforts. I, for one, appreciate their communal or co-operative nature. That kind of structure is not to be rejected per se.

Another positive aspect of corporations is their creativity: they spend a lot of money and efforts on researcb for new methods and new products. These, too, I appreciate. I doubt that any other type of organization can improve upon corporate creativity and technology.

However, in most cases these positive aspects are distorted because they are placed in the service of profit. With profit as the guiding motive, so much of corporate life has degenerated into or tends towards oppression, injustice and distortion both in the corporate homelands as well as abroad. It is that basic profit motive that must be done away with. Not profit itself—that is necessary—, but the PRIORITY of profit. That motive needs to be replaced by a renewed consciousness of the Cultural Mandate, by a sense of service and co-operation, by a sense of responsibility for one's neighbour, development of the community at large and the ecological system, by a sense of stewardship with respect to resources.

The replacement of priority of profit with what I recommend above cannot but lead to profound changes throughout corporate life. It would change advertising practices beyond recognition. It would spell the end of destroying weaker entities, especially in the South. It would eliminate ecological irresponsibility and marketing of harmful products. Research into new methods and products would be directed to quite other goals. Banks would not ally themselves with oppressive southern elites. Ah, it is almost impossible to predict what all would change and what shape corporate culture would take as time goes on. We would be entering a new economic era.

It is unrealistic to expect secularists to go for such changes, although it would be quite conceivable that adherents of some other religions would not only agree, but actually join such attempts at revolution. The experiences of the social investment movement indicate that most investors will not tolerate such a revolution; it would interfere too radically with their basic aim. For that reason, I can only suggest that CHRISTIANS SHOULD DIVEST THEMSELVES FROM ALMOST ALL PRESENTLY EXISTING CORPORATIONS.

Defenders of Capitalism such as Michael Novak never tire of insisting that, as defective as it may be, Capitalism is still the most effective economic order ever devised. It may well be so. HOWEVER, IT IS NOT GOOD ENOUGH FOR CHRISTIANS. It rides too rough shod over the weak and is too much guided by self-interest expressed particularly in the priority of the profit motive. Regardless of the individual orientation of managers, directors or investors, there is a basic logic that militates against the Christian spirit; it suppresses the Spirit of God.

Note that I am not calling for divesting ourselves from the economic realm itself; only from most present corporations. Because of the Cultural Mandate, we must be busy in the development of the economy of the world in a way that is an expression of stewardship and concern in terms of earlier paragraphs, in terms of the WCC formula of the "just, participatory, sustainable society," though others could develop alternative formulae of equal validity.

What I am talking about is the role of the Scriptures in the life and work of a Christian entrepreneur and investor. THE QUESTION IS WHETHER THE BIBLES TO BE A BRAKE OR A MOTOR. In our discussion of the social movement in earlier chapters we examined situations where Christian ethics serve as a brake. Christians participate in enterprises that are motivated basically hy profit. This motivation constantly lands participating Christians in unethical distortions. Christians then find themselves protesting and calling for correction. In these situations, the Gospel serves as a brake: it slows down, it reduces, it may even eliminate a specific problem under discussion. In such a situation, Christians are forever running after de facto situations that have arisen out of wrong motivations. The basic motivation remains and they are forced to run after one unethical situation after another, forever tinkering with symptoms and never eliminating the basic problem. The Christian ethic is not given free creative scope.

When Christians create their own corporations, they will be much more at liberty to give free creative scope to the Cultural Mandate and to all the wisdom of God that is given us in the Bible. Then they do not need to struggle as small minorities against overwhelming majorities who do not share their concerns. When Christians so organize themselves they free themselves from implication in and responsibility for the style of the happy family. More positively, the Spirit of God with His love for the wretched of the earth would then serve as the motor that pulls the enterprise along in directions in consonance with Him. It is only in such a situation that Christians can really discover what it means to be led into the truth in the area of commerce and industry, less encumbered with wrong motives and inevitable distortions.

At this point, it is impossible to predict where such efforts would lead. One would have to start with carefully made plans to carry the corporation towards the goals adopted for it. These goals would be deeply influenced hy executives experienced in corporations. However, these goals should be open to fresh input from the Holy Spirit. These executives, trained as they presently are in the school of Mammon, need to be re-schooled hy that Spirit. They would have to be open to His leading and He could take them in surprising directions not envisiooed in earlier plans, directions that would almost certainly be voted down hy shareholders of existing corporations. It is time that Christians learn what it would mean to be led into corporate economic truth hy the Spirit of God. This can be discovered basically only in a context set up for that purpose, bardly in an organization hased on

Mammon.

It may well be that I am not revolutionary enough. I am still talking of corporations. I am taking the present corporate structure of world business for granted. Perhaps that very structure should be done away with altogether. I do not know. I am open to other structural alternatives but so far, I have yet to be shown a type of organization that can achieve so much or more; an organization in which Christians from all over the world can participate through investing and thus has real potential for an economic Body of Christ. Whatever type of alternative someone may wish to advocate, it should allow for such a communal Christian approach and for the tremendous creativity and energy the corporate community has mustered. Losing that community aspect and the proven potential for creativity would be a loss indeed. For it to be an improvement, any alternative must incorporate those features. Our complaint has been that the present corporations community and creativity have been distorted because of the priority of the profit motive. We should not now throw out the baby with the bathwater. The corporate or communal aspect and creativity are part of the baby that must not be thrown out with the bathwater of the priority of profit. "Communal" and "corporate" are synonyms. Some type of corporation will be necessary, it seems to me, to achieve the kind of goals I have been suggesting. Christians must adapt in the economic sphere.

I am concerned that the way Christians use their money be in agreement with their God-given mandate or mission in this world. I have taken on this book in order to help Christians become more consistent. It will hardly do for Christians on the one hand to send missionaries with the Gospel of Liberation in the name of Christ and, on the other, to send troops in the name of Mammon. Everything Christians do, whether in the realm of the church or economics, must express their hope for a new heaven and new earth that will be characterized by righteousness or justice.

Rifkin and Barber wrote *The North Will Rise Again*, a book in which they show how the pension funds of corporation employees are used in ways hostile to the interests of these workers. Though these funds are owned by the workers, they are frequently administered by their corporate employers. These corporations have often used these funds to relocate their manufacturing plants, for example, in areas where there are no unions or where wages are much lower. Rifkin and Barber's book has done much to alert people to that inconsistency and they have set in motion a process in which workers or their unions are demanding more control over these funds so that they can be used to further the interest and well-being of their true owners and not to militate against them.

This book has a goal in the area of church and mission similar to the above in the area of labour unions. I have tried to show that much Christian economic activity, whether by Christian organizations or individuals, often militates against our Christian mission in this world. What the church and its members are supposed to do, namely to represent the Kingdom of God and its righteousness, is often undermined by economic activities such as I have described in Part II and in which a multitude of Christians participate. I hope this book will lead not only to greater consciousness of this terrible contradiction, but also to corrective action on the part of Christians and their churches. Our economic mission and our evangelistic mission are expressions of the same mandate. The Cultural Mandate and the Great Commission cannot and may not be separated, as I have argued in my books of 1979 and 1984. They must be carried out in a mutually supportive way. Our missionary and economic activities must fit into one pattern and aim for basically similar overall goals.

Our missionary and economic activities often support each other in the wrong way. Evangelism, I have shown in my publications of 1979 and 1984, has sometimes prepared local peoples to accept colonial economics. The profits of such economic activity have often supported missionary activity, though these profits may have been made from ventures described in Part II, that is not the mutual support of which I speak here.

I am talking about mission and economic activities that are legitimate responses to the Great Commission and the Cultural Mandate. Not only must the profits from our economic activities be supportive of the Christian mission, but those economic activities themselves must be an expression of that mission. As it is now, it is quite conceivable, for example, for the CRWRC programme in the Philippines to spend its funds on the rehabilitation of peasants who have been evicted from their land by the connivance of TNCs in which the CRC's MPF or some individual members of the CRC have their money invested. The MPF would receive dividends from that corporation that would go to the retired preacher of a church that also supports the CRWRC's worker in the Philippines. Or the individual member of the CRC would give a tenth of his dividend from that corporation to the CRWRC's ministry to save such victims. In neither case would anyone recognize the anomaly for the simple reason that people and churches tend to be irresponsible investors that do not ask questions beyond the "how much?"

I envision groups of Christians, probably a combination of individuals and organizations like denominational pension funds, pooling their investment monies and searching together anywhere in the world for problems that require economic solutions. They would then join with appropriate local groups in researching the problem in depth and together decide on a solution with the same imagination and creativity that profit-oriented corporations have applied so effectively to challenges they have tackled in the name of profit.

Let me give some specific examples. In the community development programme of the Institute of Church and Society (ICS) with which I am associated in Nigeria, one constantly repeated desire of local groups is to have available the services of tractors to eliminate the most backbreaking aspects of farming. Tractors are expensive in Nigeria and thus few individuals can afford them. Not even most community development groups can afford to buy them. In some local government areas they are theoretically made available hy the government for people to hire for a specific project. However, with bribery and corruption as endemic as they are, few of the peasant farmers ever benefit from such a scheme, for the tractors usually end up on the farms of the rich.

A group of Christian investors from anywhere in the world could help solve this problem. The way to begin would be to contact these community development groups via the mediation of the ICS or other voluntary or missionary agencies. The exact nature of the problem would be determined and then a plan devised to make such a service available to the groups. Arrangements could include the provision for hiring, for hire-purchase and for outright purchase through some financing scheme that would probably involve payment in kind rather than in cash. The programme would also include training for operating and maintaining such vehicles.

The above scheme is very general and involves many problems that would need to be solved. However, corporations have always had almost unlimited imagination and creativity in solving problems they want to solve and they have an excellent track record for setting up business schemes to provide the most unlikely services. Many Christians have been involved in the creation of such schemes. I now call upon such Christians to render their expertise in the service of the Cultural Mandate, to apply that same creativity to solving economic and business problems in the name of Christ instead of Mammon and to use their considerable business imagination to fulfill genuine needs instead of catering to or creating artificial needs of the frivolous society of the West and its elite counterparts in the rest of the world.

Another example might be to set up a citrus industry in the Baissa areaof Taraba State, Nigeria.The area hastremendous potentials for such an industry, but the local people have never been able to get together to start it. There is a need for infusion of capital and for experts in this field. The area is impoverished and roads leading into it are bad. But, again, with all the imagination with which I have seen corporations tackle problems, I have no doubt that a viable industry could be set up in that area that would go far in giving the communities there the shot in the arm they need. The local government-owned lumber industry has not realized its potential because of the limits inherent in the Nigerian civil service. What is required is free enterprise that is relatively unhampered by the restraints of the civil service, a free enterprise that is an expression of the mission of the Cultural Mandate, not of Mammon.

I am quite aware of the fact that I am making things seem simpler than they are. It is not easy for any TNC to operate in a Nigeria that has been described by experienced international business people as the most corrupt of all countries. In addition, the legal hurdles and regulations with respect to foreign exchange and importation can prove such formidable obstacles that one could be led to despair and give up.

Samuel Welker is an American businessman with, apparently, some personal wealth which he has decided to utilize when he discovered the great need for Christian literature in Nigeria. He established a Christian literature wholesale business known as Gicen Books. When it became increasingly difficult for him to obtain foreign exchange to pay for his imported books, he turned to providing an importation service for Christian literature. He opened an office in London, Great Britain, to where anyone who wants to send Christian books to Nigeria can direct them. Afribooks, the name for his London concern, has an importation license for books as long as no foreign exchange is required. So, many Christians send their books through Afribooks, who has been delivering them to local addresses in the main Nigerian cities. Welker's service is an example of how Christians versed in international business and TNCs can provide essential services to communities or even whole nations. His service is essential and it meets a tremendous need—but it is not charitable service. It provides a profit and there is nothing wrong with that.

Welker's example is also fraught with difficulties. In fact, he has indicated his desire to get out of the business, for the obstacles he meets in Nigerian officials and regulations are simply unimaginable. He has been looking around for a Nigerian-based organization to continue this service. But I do want it understood that Welker's problems are so acute because of the fact that his is an importation business, just the area in the Nigerian economy where corruption is more open, inefficiency more rife and legal obstacles more formidable than in probably any other sector.

My examples have been in Nigeria simply because that is where I have spent nearly all of the last 25 years. It may well be that Nigeria, with its excessive corruption, may not be the best country for a pilot effort. However, the Nigerian people can be very creative not only in corruption but also in solving problems positively. At any rate, I would not like my proposals to stand or fall with Nigeria. They can be attempted in any number of countries. However, it should be countries where free enterprise is accepted and where the people, especially the poor, have the freedom to participate in such efforts.

The participation of the local poor should not be limited to providing the unskilled labour for low wages and the land necessary for the enterprise as has been traditionally the case when TNCs move in. These poor should be represented at all levels. Their knowledge of local conditions would be a valuable source of information. Their interests must be of paramount concern in all decisions. They should be given the opportunity to own shares, however few. If they cannot afford shares as individuals, then they could purchase such by means of their co-operatives and other community groups. And certainly, their churches could involve themselves by having a few shares. The local poor should probably even have the power of veto over any decisions they judge not to be in their interest, even if they own no shares at all.

By now, you, the reader, may well be asking what the real difference would be between existing TNCs and the type I am proposing. I am still talking about private enterprise, corporations, investments and shareholders profit, even, it would seem like the stage is set for a re-run of the same scenes we have witnessed in Part II. We would just be creating more members of the happy family with some Christian veneer.

Well, it may look that way, for the structures are somewhat similar. However, with the priority of the profit motive, the soul of a capitalist corporation, having been replaced with that of the Cultural Mandate, with that of Christian mission, the entire way of working will be very different.

At this early talking state, it is impossible to predict just what form such an enterprise would eventually take, but it will definitely not be "business as usual." There would be no investment involvement in the happy family for the corporation as a whole, though some investments might well be lodged via an AI investment service with a grid that would include all the concerns I have previously discussed. Secondly, with the priority of profit having been replaced, the pressure to provide dividend income at all costs, no questions asked, would be largely eliminated and, with that, the pressure to exploit the poor. The corporation would be organized to meet the felt needs not first of all of the corporation itself, but of the local people among whom it is working. Those needs would be paramount in the corporation. Furthermore, these poor would be part of the power structure of the corporation.

The most adventuresome aspect of such a venture would be the fact that the Christian Gospel would provide the motor, not the brake. And where the Spirit of God is allowed to lead, one cannot predict the exact direction the effort would eventually take, especially in its early stages. I am not saying that there should be no planning. There should be very professional planning, in fact. However, those plans should always be tentative in order to allow for the leading of God's Spirit in potentially unexpected directions . With these elements incorporated, there is no way a corporation would operate like those of the happy family. It would be a new creature with a new soul. Christians would finally have the machinery where they could experiment in a responsible Christian way in the economic sector of human culture. They would be free from the incredible contradictions in which they are now entangled. They would be free to serve the Lord economically in a way that should bring a sense of joy and liberation. Their mission would not only be more creditable—excuse the pun—in the eyes of their present southern critics, but its greater consistency would also make for greater efficiency in the working out of the Cultural Mandate and the Great Commission. The beauty of it is that we have the promise of our Lord Himself who promised that He will lead us into the truth. What greater guarantee could you want?

Christians of the world, UNITE in your economic efforts. Business executives, if you consider yourselves worthy of the name of Christ, TRY HIM. Use your ingenuity, organize investors into an economic mission. You have only chains to lose: the chains of the poor and your own spiritual chains of inconsistency, contradiction, insensitivity and disobedience. You have before you the joyful task of economic participation in the development and liberation of the poor. You could break your traditional reticence to talk about your financial affairs. Instead, you could without embarrassment, in front of your local congregation, give a joyful testimony of how the Lord used your money in the ministry of Christ, the ministry of Him who was introduced to the world by His own mother with words expressed in the "prophetic tense:"

> He has stretched out his mighty arm
> and scattered the proud with all their plans.
> He has brought down mighty kings from their thrones,
> and lifted up the lowly.
> He has filled the hungry with good things,
> and sent the rich away with empty hands (Luke 1:51-53, Good News.)

Or in His own words when He introduced Himself to His townspeople in Nazareth:

> The Spirit of the Lord is upon me,
> because he has chosen me to bring good news to the poor.
> He has sent me to proclaim liberty to the captives
> and recovery of sight to the hlind,
> to set free the oppressed.... (Luke 4:18, Good News.)

This ministry will not accomplish in this dispensation the goal expressed in one of the closing chapters of the Bible, but that nevertheless needs to be an expression of the basic Christian hope and work:

> He will wipe away all tears from their eyes. There will be no more death, no more grief or crying or pain. The old things have disappeared. Then the one who sits on the throne said, "And now I make all things new!" (Revelations 21:4-5, Good News.)

Christian, are you SURE your financial efforts are an expression of that kind of Lord? That kind of ministry? That kind of hope? Our assignment is clear. Our responsihility to ensure that our investment and husiness acumen are instruments of the Kingdom is equally clear. And you who run the pension funds of churches and other Christian organizations, I encourage you to become more creative and radical in the pursuit of your responsibility.

My strongest appeal is to you, the average church member. Begin an action in your own local congregation, start a study group, contact your local leaders to place these issues on your local agenda for forwarding to wherever matters of this magnitude are treated in your particular denomination. Do not accept vagueness for an answer. If necessary, appeal and force the issue. The church of Christ IS capable of change, but sometimes it requires an extra push. If God's Spirit has not given up, why should you?

ABBREVIATIONS

AG	African Guardian (Nigerian magazine)
AI	Alternative Investment(s)
AID	Agency for International Development
AMA	American Medical Association
ARCO	Atlantic Richfield Co.
AT&T	American Telephone & Telegraph
BC	Business Concord (Nigerian newspaper)
BI	Business International (American magazine)
BRCU	Bread and Roses Credit Union
BT	Business Times (Nigerian newspaper)
CC	Calvinist Contact (Canadian weekly)
CCPD	Commission on the Churches' Participation in Development
C&C	Christianity and Crisis (American magazine)
CDE	Corporate Data Exchange, Inc.
CE	Corporate Examiner (monthly report)
CESP	Center for Ethics and Social Policy
CPJ	Citizens for Public Justice
CRC	Christian Reformed Church
CRWM	Christian Reformed World Mission
CRWRC	Christian Reformed World Relief Committee
CS	Church & Society (American magazine)
CSI	Christian Schools International
EPA	Environmental Protection Agency
EDCS	Ecumenical Development Co-operative Society
PAO	Food and Agricultural Organization
FDA	Federal Drug Administration
FP	Financial Post (Canadian magazine)
P. Punch	Financial Punch (Nigerian newspaper)
FW	Financial World (Nigerian magazine)
GBP	General Board of Pensions
GM	Globe & Mail (Canadian newspaper)
GNP	Gross National Product

GRP	Grand Rapids Press (American newspaper)
HAI	Health Action International
HM	CRC Board of Home Missions
IA	Investors Alert
ICCR	Interfaith Center on Corporate Responsibility
ICICHE	International Conference of Institutions for Christian Higher Education
IITA	International Institute for Tropical Agriculture
ILO	International Labour Organization
IRRC	Investor Responsibility Research Center
IRS	Internal Revenue Service
ITT	International Telephone and Telegraph
JPSS	Just, Participatory, Sustainable Society
LAAD	Latin American Agribusiness Development Corporation
LCA	Lutheran Church of America
LM	Living Messages (Canadian magazine)
MI	Macleans (Canadian magazine)
MM	Multinational Monitor (American magazine)
MNB	Michigan National Bank
MNC	Multinational Corporation
MPF	Ministers' Pension Fund
NBD	National Bank of Detroit
NC	National Concord (Nigerian newspaper)
NCW	Nederlands Christelijk Werkgeversverbond
NN	New Nigerian (Nigerian newspaper)
NS	Nigeria Standard (Nigerian newspaper)
OAS	Organization of American States
OD	Orange Disk (American magazine)
OK	Old Kent Bank & Trust Co.
PAN	Pesticide Action Network
SEC	Securities and Exchange Commission
SM	Shareholder Movement
SNN	Sunday New Nigerian (Nigerian weekly)
SR	Social Responsibility
SS	Sunday Standard (Nigerian weekly)

TCCR	Taskforce on the Churches and Corporate Responsibility
TIAA-CREF	Teachers Insurance and Annuity Association/College Retirement Equities Fund
TNC	Transnational Corporation
UAC	United Africa Co.
UC of C	United Church of Christ
UCC	United Church of Canada
UMC	United Methodist Church
UN	United Nations
UPOV	Union for the Protection of New Varieties of Plants
VS	Vancouver Sun (Canadian newspaper)
WCC	World Council of Churches
WHO	World Health Organization
WIPO	World International Property Organization
WSJ	Wall Street Journal (American newspaper)

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Notes:

(1) "m.i." means "miscellaneous issues," and also identifies the item as either a newspaper or periodical.

(2) A "*" indicates the author or the publication has some association with the Christian Reformed Church.

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