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THE BRANDT COMMISSION AND THE MULTINATIONALS

PLANETARY PERSPECTIVES

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3 Distorters of Development: The Multinational Corporations

The agents of change

The Introduction described briefly with examples of the global corporations' panegyrical bandwagon for the mental construction of the unbounded and unrestricted global market on which the coming planetary enterprise would operate to humankind's benefit. The chapter referred to Richard Barnet's and Ronald Müller's analysis of their expansion. The campaign was in their view an enterprise of almost religious dimensions:

> The managers of the world's corporate giants proclaim their faith that where conquest has failed, business can succeed. "In the forties Wendell Willkie spoke about 'One World,'" says IBM's Jacques G. Maisonrouge. "In the seventies we are inexorably pushed toward it." Aurelio Peccei, a director of Fiat and organizer of the Club of Rome, states flatly that the global corporation "is the most powerful agent for the internationalization of human society." "Working through great corporations that straddle the earth," says George Ball, former Under Secretary of State and chairman of Lehman Brothers International, "men are able for the first time to utilize world resources with an efficiency dictated by the objective logic of profit." The global corporation is ushering in genuine world economy, or what business consultant Peter Ducker calls a "global shopping center," and it is accomplishing this, according to Jacques Maisonrouge, "simply by doing its 'thing,' by doing what came naturally in the pursuit of its legitimate business objectives."[1]

Thoughts like these were formulated just before the dollar crisis of the 1970s, but, as we saw in the Introduction, they continued into the 1970s regardless of the collapse of Bretton Woods. Barnet and Müller identify the IBM boss Maisonrouge as perhaps the most articulate of the new breed of global corporate managers who publicly campaign for global corporations. He was a spokesman of a new ideology that aimed to transcend the national limitations of Keynesian redistributive welfare capitalism.[2]

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Figure 3.1 The visionary protagonist in the campaign for the planetary enterprise: The IBM boss Jacques Maisonrouge.

Source: Reprint courtesy of IBM Corporation© through Getty Images.

In academia and politics, analysis of the transition from Keynesianism to neoliberalism has often been discussed as doctrinal or intellectual history, focusing on how one knowledge regime declined and the other grew. Recent contributions have often used a prosopography approach to investigate the people and academic and political networks that developed the theories.[3] In its discussion of the role of the multinationals, this Chapter emphasises another dimension of the transformation that underlies the doctrine shift.

The chapter highlights the multinationals and their importance in the controversial political debate about them that took place around the time of the Brandt Commission. The focus is on the multinationals' planetary perspective. Like Myrdal in the previous chapter, this chapter leans heavily on Richard Barnet and Ronald Müller because they provide a profound account and a critical evaluation of the way the business elites thought and argued. The bulk of the literature of the time followed either a critical or a complimentary approach. The critics confronted the structural rather than the discursive or semantic dimensions of the multinationals' expansion and did not really engage with the 1970s world of ideas around the future

planetary enterprise, which is what is of interest here. With many interviews with corporate managers, Barnet and Müller provide an outstanding record of and deep insight into the global corporations' own vision of their future at the time of the Brandt Commission. The point with this Chapter is not to provide an exhaustive account of the global corporations in all their facets, as the academic-political debate depicted them, but to provide a profile of their practices and visions and a reference point for the analysis of the Brandt Commission in Chapters 6–9. At the end of the 1970s, the multinationals disappeared from the radar screen. Both academic research and the political debate lost interest in them. Jenny Andersson has recently begun to fill this gap, taking a similar approach to Barnet and Müller's.[4] We will return to her in Chapter 11.

In the 1960s and 1970s, there was, as we saw in the Introduction, an intense and lively debate about the role of multinational corporations (the MNCs), which treated them as a new phenomenon. In retrospect, the MNCs appear like key carriers of change. They were gradually legitimised by and legitimised a radical market liberal theory, which in the 1990s was given the name neoliberal. The gushing panegyrics that the business community offered up to this new approach to market expansion and the euphoria that greeted its circumvention of political control was a core dimension of the great transformation during the "long 1970s", that lasted from the late 1960s to the early 1990s. George Ball, undersecretary of state in both the Kennedy and Johnson administrations, the only prominent dissenter against the escalation of the Vietnam War, and from 1966 a Lehman Brothers banker, added to what he said in 1967 in the quotation above, when he spoke before the International Chamber of Commerce in Britain, that national borders only impede the fulfilment of the potential of international corporations. Multinationals were the best means for using global resources yet devised – that is, if judged "according to the criterion of profit, which is an objective standard of efficiency." In the same vein, in 1968, the magazine *Fortune* proclaimed the existence of an International Business that was liberating millions of individuals all over the world to work productively.[5]

Theories glorifying global markets talked about efficiency through competition, just as capital concentration was achieved through new kinds of conglomerates whose bosses argued that profit was the objective and logic gauge of efficiency. Praise for market efficiency and condescending condemnation of political inefficiency legitimised capital's escape from its national political roots.

Of course, enterprises that straddle national borders have a much longer history, reaching back to the colonial past, when they shaped Europe's formal or informal empires. As powerful price and production cartels, their power peaked in the 1920s and 1930s when they were undoubtedly one of the features of the interwar crisis. In the immediate postwar decades, antitrust and competition regulation in the United States, as well as Western Europe's integration project, restricted their scope. However, they continued

in the form of vertically integrated businesses, extracting raw materials from the colonies and processing them into manufactured products in the North. In the 1960s, along with a brand of new enterprise conglomerates, they broadened their range and geographical distribution. New products, aimed to satisfy mass consumption, triggered a search for sales opportunities in global markets. From their beginnings in the United States, the MNCs spread to Europe. Since the phenomenon is old, the question is: what new happened in the 1960s?[6]

The MNCs became more sophisticated and complex through the vertical and horizontal integration of individual companies into large corporations. In 1960, an article in a journal was one of the first to use the term "multinational corporations," referring to them as a new phenomenon: corporations that have their home in one country but operate and live under the laws and customs of others. By the end of the decade, the MNCs had become a widely used term in the debate. Their key instrument was a foreign direct investments. Capital export was repatriated as profit. National governments found monitoring intra-company capital flows difficult. National macroeconomic accounting aggregates and statistics for capital and commodity flows had conventionally had an interstate profile, but this became less relevant with the need to measure intra-company imports and exports. The new relevant accounting unit increasingly belonged to the corporation and its internal flows that transcended state boundaries.[7]

In the 1980s and 1990s, MNCs were crucial to the emergence of dual labour markets, which are characterised by the division of labour between core employees with fixed employment and more casual employees with lower job standards and job security. This period also ended the prevailing pattern, established in the 1950s, of a gradual reduction in inequality. The great U-turn of the 1970s saw the beginning of rising inequality, according to Piketty.[8] The MNCs were the umbrella of emerging global chains that provided components for just-in-time delivery and depended on the exploitation of cheap labour. They were catalysts for the erosion of the broad centre of income distribution, the middle classes, and, in the long run, the political midfield. During the thirty years after 1970, the poorest 20% of the world's population saw their global income share decline from 2.3 to 1.4%, while the share of the richest 20% rose from 70 to 85%. The gap in per capita income between the industrial and developing worlds tripled. The three decades were a prolonged period of transformation in which large MNCs' political and economic power increased while governments' countervailing powers decreased.[9] One can summarise the development as capital's evasion of political power. Growing divisions within and between countries were without doubt connected to the declining capacity of governments to control and tax capital flows and to the increasing competition for employment-generating capital between nations. The emerging globalized production regime replacing the collapsing Fordism moved production to where labour was cheap and cheap labour to where it was expensive. The overall impact

was a global downward pressure on production costs. The other side of the production pressure was wage and social standards dumping. A redefinition of the reform concept underpinned the process, as we will see in Chapter 5. In the Keynesian welfare economies, reform had a clear connotation of social reform. Now it came to mean economic efficiency cleansed from social costs. The competition concept became another powerful instrument for social downgrading in the name of economic efficiency ("the competitors don't sleep") and a pivot for the global redistribution from the bottom to the top, as Piketty has mapped. In the name of competition, capital concentration grew. Global concentration of poverty and wealth became more complex than being mainly a North/South question. Both poverty and shameful richness became more global. Two planetary perspectives emerged: one for fighting poverty and one for expanding capital concentration.

Corporate power was particularly evident in the United States, but it did not stop there. The dominant characteristic was its transnational mobility as it sought low-cost labour for the production of component parts. Multinationals' cost-reducing *modus operandi* set nation against nation in their bid to find the most favourable regulatory environment for capital. The MNCs' scope extended beyond the economic realm. Corporations lobbied successfully to lower their tax share, receive substantial subsidies, and impose externality costs on the rest of society. They played off governments against each other in what, from a welfare state perspective, was a race to the bottom.[10]

With a new name and what looked like a universally accepted rationale, the MNCs were ready for intellectual take-off. D K Fieldhouse identified four new types of writer that emerged in contemporary literature at the end of the 1960s: popular alarmists, theorists who were hostile to international capitalism, development economists, and business economists. Most writers considered that, through their almost universal acceptance, the MNCs represented a new form of capitalism. Jean-Jacques Servan-Schreiber was the leading light among Fieldhouse's alarmists. His *Défi Americaine* in 1967 pointed to the dynamic growth of US corporate investments in Europe and how it resulted in a dangerous level of American dominance. Because of the publicity around the book, it became a catalyst, "stimulating a rash of similarly alarmist accounts, whose common theme tended to be that the MNC was a challenge to national sovereignty."[11] Books by critical theorists included Louis Tyrner's *Invisible Empires*, Kari Levitt's *Silent Surrender: the Multinational Corporation in Canada*, Christopher Tugendhaft's *The Multinationals*, and Richard Barnet and Ronald Müller's *Global Reach – The Power of the Multinational Corporations*.[12] The titles indicate the thrust of their argument. Several of these books were conceived and written before the fall of Bretton Woods in 1971. In 1966, Paul Baran and Paul Sweezy had already delivered a Marxist critique of the MNCs in *Monopoly Capital* (see Chapter 2). One should also include Kwame Nkrumah's *Neocolonialism* in 1965 in this list. The book had chapters with titles like "The Oppenheimer Empire," "Foreign Investment in South African Mining," "Anglo American

Corporation Limited," "The Diamond Groups," "Mining Interests in Central Africa," "The Tin, Aluminum, and Nickel Giants," "Monetary Zones," and "Foreign Banks."[13]

From the 1960s onwards, there was also a more business-friendly trend, which integrated the MNCs into their narrative, such as Kindleberger's *American Business Abroad* and Rolfe's *The International Corporation*.[14] There were accounts that typified the debate, too.[15] Around 1980, the business-friendly approach overtook the critical trend in the discussion, reflecting the strength of the growing liberal market argument. After the critical trend receded, global corporations attracted little attention, until quite recently when they have become subject to a debate on the taxes they (don't) pay. But because of that disappearance, the role of the MNCs in the transformation in the 1970s has been under-exposed, not least their role in the development of dual labour markets.

However, *criticism* of the global corporations was not the only thing to decline. The multinationals *themselves* became less visible as they disappeared from the limelight that the NIEO's criticism had shone on them. (The multinationals were a major target in the NIEO's campaign, as we saw in the Introduction, and as will be developed in the next chapter.) The Third World required increased national sovereignty over foreign investment and the option to nationalise the MNCs, and this prompted the multinationals to shun the limelight and retreat backstage to continue their advance by other means. The lower visibility did not mean loss of power. The radical market-liberal discourse that grew in intensity in the 1980s incorporated the global corporations' campaign for their planetary enterprise. The radical market discourse in academic economics and politics absorbed the MNCs' campaign, linking it to an economic-theoretical debate which afforded them academic and political legitimisation, implicitly rather than explicitly, since they were not openly addressed. The critical debate until the mid-1970s focused on the MNCs/TNCs. By the end of the 1970s, the critical language confronting the MNCs shifted to an uncritical praise for the Market, of which the multinationals were an unspoken key part.

There was yet another factor behind the MNCs' declining visibility. Governments in the United States, Western Europe, and Japan, experiencing the 1970s as a deep crisis of political and economic management, feared, as Chapter 1 argued, that confronting the multinationals would be to cut off the branch on which they (still) sat. Nobody in the political and economic elites in the industrialised North had any interest in directing the spotlight onto the multinationals again, like the NIEO campaign had done. The general understanding was that such a step would aggravate the crisis instead of solving it. In the emerging view of the North, developing countries should stop protesting and realise that they needed direct investment and that they could only have it on the condition that capital dictated the terms. They would never get it through threats of nationalisation. This was the backdrop against which the Brandt Commission set out to work on its

alternative vision in December 1977, and it explains the astonishing fact that the commission never confronted or even itemised the world view that competed with their own planetary perspective, but simply, silently circumvented it. We will come back to this point in Chapter 8.

In the early 1970s, radical voices dominated the debate, but, by the end of the decade, more MNC-friendly views held sway. One such argument was that, given their international entanglements, the MNCs contributed more to global peace than nation states. By the early 1980s, the intense early years of the debate were over. It became widely accepted that "multi-" or "transnational" was simply shorthand for a wide range of capitalist enterprises. The concept became generic, legitimising and legitimised by the new market liberal ideology that was about to break through. Fieldhouse calls this generic phase the "salad days" of the concept, confirming a conclusion by John Dunning that a "single predictive theory of international production is just impossible."[16] The increasingly euphoric reception of the concept of global markets overshadowed the debate on corporations. Corporations were subsumed in the language of the global market and lost their status as a target for criticism.

The concept of multinational is a euphemism, as we saw in the Introduction. In terms of ownership and higher management, they were solidly national. Barnet and Müller, the contemporary critics, argued that global corporations was a better term to describe the phenomenon. In the 1960s, awareness grew that, from the point of view of expansion, the Fordist production regime and the Keynesian welfare capitalist system in the industrial North were reaching their limits. A general labour market radicalisation at the end of the 1960s questioned the Fordist piece rate and conveyor belt production method requiring more influence over the workplaces and their owners ("economic democracy") and a larger share of the pie. Representatives of capital drew conclusions from what they interpreted as a major confrontation of the postwar production model. The long reconstruction boom since around 1950 was coming to an end. The global corporations began to work for a global market that transcended national constraints and the influence of the nationally operating trade unions.

The Third World made its initial protests against the postwar order and the outcome of decolonisation in the mid-1960s. The language of neocolonialism spread, and the development narrative lost its credibility. The protagonists of the new market language explained why development did not occur from their own, quite different perspectives. Socially-liberal Keynesian modernisation was squeezed from two sides. In both hemispheres, the Left maintained that it was the South that sustained growth in the North, rather than the other way round. In other words, the former colonies sustained Keynesian welfare economies in the North. That was the core of the neocolonial argument. Conversely, business representatives and capital interests in the North argued that Keynesian modernisation generated too much state involvement which, in turn, prevented or put a brake on economic growth. From this perspective,

development aid was counterproductive. Development could only occur as a by-product of a global market. The circuitous struggle that followed accompanied and legitimised the transition from Keynesianism to what in 1990s began to be called neoliberalism. Keynesianism was national welfare plus Fordist production, monitored by national governments. When they were at their peak in the 1960s, both the theory and the mode of production began to decline. State-monitored international trade had reached its limits, and the dynamics between mass consumption and mass production petered out in the West. The global corporation and planetary enterprise project looked for new ways to expand its operations in the global South and in Transatlantic projects in the North.

Distorters of development

The UN proclaimed that the 1960s and 1970 s would be development decades. They failed to achieve their goals. In *Global Reach* see Chapter 1, Richard Barnet and Ronald Müller connected this failure to the operations of global corporations. The corporations called themselves engines of development, but according to Barnet and Müller, the track they pursued contributed "more to the exacerbation of world poverty, world unemployment, and world inequality than to their solution." The UN's definition of development based on growth rates was a quasi-religious tenet of the MNCs, but "obscene in a world where most people go to sleep hungry." Growth without any thought of redistribution was cynical. Barnet and Müller referred to Brazil's development model, where the stock market boomed while two-thirds of the population was condemned to death by poverty, hunger, and disease. Any definition of the term development needed to address the most critical interconnected problems of the time — poverty, unemployment, and inequality — and the global corporations were of no help in this respect.[17]

Global Reach was a general reader to promote critical attention to the new phenomenon of global corporations. It enjoyed brisk sales for years after the first publication among scholars as well as non-professional readers. It had a major impact on public opinion. The message was clear: the global corporations were the most potent force in the world economy. The book challenged the conventional development myth that global corporations spread commodities, technology, and capital around the world, contributing to a general rise in overall economic activity and employing hundreds of thousands of workers. The fact that most developing countries were keen to lure global corporations to them suggests that they were important for economic development. However, Barnet and Müller argue that the interests and priorities of corporations and developing countries conflicted with each other. The corporations' primary goal was the maximisation of worldwide profits, and this was often achieved by diverting income from poor countries. As "good corporate citizens," the global managers' primary allegiance was to the shareholders. Their actions were guided by a market theory that

stated that by enriching themselves, they enriched the whole world. They based their power on the control of finance capital, technology, and market ideology, and they understood how to use it to promote growth and profitability. According to Barnet and Müller, in developing countries their strategies harmed the chances of fair income distribution and healthy employment levels. A common argument was that the MNCs were a source of capital in the Third World at a time, in the 1970s, when government aid programmes were drying up in the wake of the economic crisis. Barnet and Müller referred to studies conducted on the practices of global corporations in Latin America and demonstrated how these companies used scarce local capital for their local operations rather than bringing capital from the United States or Europe. Individual investors and banks in the Third World preferred to lend money to planetary giants rather than to local entrepreneurs. USA-based global corporations financed over eighty percent of their Latin American investments locally from reinvested earnings or local savings. Less than twenty percent represented a transfer of capital from rich to poor countries. The accountants certainly classified reinvested profits as foreign capital, but the real economic consequence was that capital was generated from local resources and not available for urgent development needs. The difference between this and how the corporations behaved in Western Europe is conspicuous. Corporations were much more prepared to leave their profits there than they were in what they saw as more unstable developing countries.[18]

After all, the most lucrative markets were in the industrial North. Global corporations expanded much faster there than in the Third World. In the 1960s, the developing countries' share of world exports took a dramatic dive because of the rapid increase in trade between developed countries, most of it stimulated by the MNCs. The intensification of the exchange of value-added commodities within the rich world, as well as the export structure of the developing countries which remained concentrated on raw materials and a few manufactured items with smaller profit margins and their import structure that concentrated on manufactured goods with increasing prices, created a trade trap for developing countries. The situation deteriorated with the rise of the MNCs in the 1960s. The relationship was not only temporal but causal. In 1945, the United States had been determined to eradicate colonialism, especially British imperialism, but by the 1960s, this goal had been transmuted by the MNCs into American, Western European and Japanese neocolonialism.

Whether exports benefitted a poor country depended on the price. When global companies bought from and sold to their own subsidiaries, they set prices that bore little connection to the reality of the market. Corporate headquarters, acting both as buyer and seller, did not operate in a market in the established sense, but set prices to maximise global profits. Business literature was full of advice on intracompany transfers for global corporations, helping them maximise the global profits of the parent corporation.

The artificial prices were also set to minimise taxes. A frequent technique was to ship underpriced exports or overpriced imports to a tax-free port, such as the Bahamas or another tax haven, and then re-export the goods at their normal market value or at an inflated price for sale by a subsidiary in another country. Barnet and Müller aptly refer to this system as a modern version of the eighteenth-century Transatlantic triangular trade of cotton, sugar, rum, and slaves, all paid for by manufactured goods from Europe. With extraordinary inventiveness, a great variety of price-manipulating and profit-maximising strategies emerged. The techniques circumvented governments in both developed and developing countries, thanks to accounting tricks. The figures bore little relation to those reported to the local government or the fiscal authorities in the MNC's mother country.[19]

Besides capital provision, a second field of biased relationships was created by technology, where the cause was similar: global corporations transfer technology. The expectation that American, European, and Japanese firms would help close the gap between rich and poor by sharing advanced technology through importing developing countries' technology was invalidated. The technology's suppliers and its recipients had conflicting interests and unequal bargaining power. Global corporations with particularly exclusive technological knowledge were not keen to make it available to competitors, preferring to maintain control over patents. In developed countries, transferred technology was often only available for domestic production since it was prohibited for use in export production. Realistically, it would only be possible for developing countries to gain technological competence by developing it domestically, but this was hardly feasible given the paucity of research resources. Yet another problem was that global corporate technology destroyed jobs. In their drive towards modernisation, developing countries had encouraged urban-orientated factories and large-scale mechanised farming, and advanced mechanisation required ever-reduced levels of labour. Imported technology was capital-intensive and labour-saving because it was developed in industrialised countries where high labour costs prevailed[20].

The MNCs argued that the solution to the job crisis was to achieve a growth rate high enough to keep unemployment at an "acceptable" level. With this argument the question remained what an acceptable level meant. This was a contested issue. For Latin America, for instance, in order to maintain 1960 levels of employment, an annual growth rate of six percent would be required, and this was unrealistic.

In terms of technology transfer, there was a fundamental disjoint between the financial goals of corporations and the development goals of poor countries. Employing the poorest forty percent of the population or absorbing the mass of the unemployed, for example, were not primary targets of companies who only wanted a fast return on their investment. Corporations aimed to satisfy moneyed markets and had no interest in supporting income redistribution or market expansion. The maintenance of the masses' purchasing power in the Keynesian welfare economies of Europe provided no useful

Figure 3.2 Richard Barnet and Ronald Müller waiting to testify to the US Senate subcommittee on multinationals on 19 May 1975.

Source: © Washington Post through Getty Images.

model for the MNCs in poor countries. They wanted money faster than it would have been possible to supply through the long-term build-up of mass purchasing power, which was only achievable through governmental income policy.[21] During the unemployment crisis in the 1970s, the Keynesian approach also seemed less attractive to corporations in Europe. They had other ideas of how to transform the labour markets as we will see in Chapter 5.

Global corporations did not rely on Keynesian redistribution as an instrument of market expansion but attempted to influence the marketing of consumption patterns by investing in advertising campaigns. Thus, their approach was supply-orientated, as opposed to the Keynesian demand-orientated strategy. They stimulated consumption in low-income countries by matching local tastes to globally distributed products. Companies who produced such products as Coca-Cola and Twinkies opened up new horizons and consumption patterns by creating a thirst for quick purchases and instant gratification persuading people that they had the money to buy things. Barnet and Müller demonstrate that this market ideology had several disastrous implications for poor countries. Despite Jacques Maisonrouge's claim that global corporations were a great leveller, and thus a creator of

mass consumption, marketing campaigns reinforced sharp class divisions in the poor South. Their targets were enclaves of affluence within impoverished societies.[22] Despite the levelling claim, their interest was never in a western-style kind of mass purchasing power. They were interested in short-term gains, not long-term goals.

Taking issue with the advocates of global capital, American economist and economic historian Robert Heilbroner argued that development required much more than encouraging economic growth. A whole palette of measures was necessary: structural and institutional changes in government, the educational system, the health system, the income distribution system, and in the setting of economic priorities. These were all measures beyond the interest of corporations. Their market ideology pointed in an entirely different direction. "For the elite in poor countries, membership in the international consumption community has a cooling effect on reformist zeal. In Latin America the university radical who by his late twenties is obediently sipping beer in front of his color TV in a comfortable house in the suburb is a stereotype."[23]

Barnet and Müller also investigated the global corporation claim that they were engines of development in helping to solve the global hunger crisis. By the mid-1970s, it was clear that the Green Revolution that had provoked so many expectations in the 1960s through dramatically increasing crop yields by utilising new hybrids, fertilisers, and tractors (which were all products of MNCs) presented a very complex problem. The Green Revolution aggravated income maldistribution and malnutrition in many parts of the world by eliminating small subsistence farmers and local tradespeople who could not afford the new technology. Increasing food production did not automatically mean more food for the poor. In their aim for growth optimisation, multinationals ignored ecological implications.[24] Indeed, they worsened the situation:

> The global corporations, it must be said, have compounded the world hunger problem in three ways. First, they have contributed to the concentration of income and the elimination of jobs. Second, through its increasing control of arable land in poor countries, agribusiness is complicating the problem of food distribution. It is good business to grow high-profit crops for export rather than raise corn, wheat, and rice to support a local population without money to pay for it.[25]

Resistance

In their analysis of multinationals, Barnet and Müller came to the question of whether resistance was possible. They discerned a point at which "large numbers of people can no longer be terrorized into accepting the certainty of misery." They identified the problem of escalating hopelessness. They concluded that if more profits generated by global corporations could be kept within the developing countries, there would be resources for public investment in schools, tractors, houses, and so on, and even enough to raise

the poor's income a little. Global corporations began to be aware of their growing image problem, and this spoke for a different approach. Corporate managers saw danger signals in several countries. Politicians in developing countries regarded multinationals as a convenient whipping boy and, in a contradictory way, a useful, if reluctant partner in reform. In the end, however, the question was whether developing countries had the power to force the MNCs to contribute to public reforms. Barnet and Müller doubted it. After all, corporations had "effective control of all the primary levers of power: banks, communications, technology, popular culture, and the loyalty of the upper classes." However, Barnet and Müller came to believe that the situation was changing. The involvement of International Telephone & Telegraph (ITT) in the 1973 coup against Chile's president Salvador Allende amplified accusations of neocolonialism that had been made against the MNCs since the mid-60s. The MNCs denoted neocolonialism.[26] Barnet and Müller analysed the debate and wrote their book when the campaign for the NIEO was in preparation. The campaign peaked the same year as *Global Reach* was published. Multinationals became a key target in the campaign. Barnet and Müller had a strong sense of the zeitgeist. The will to resistance grew. We will come back to the campaign in the next Chapter.

Another core dimension of the conflict between developing and developed countries identified by Barnet and Müller was the power and control of knowledge. Global corporations possessed information, skills, and techniques that were unavailable to governments in developing countries. Three kinds of knowledge determined the balance of power. The most important was information about what the MNCs needed and wanted, and what they had to offer. For instance, this included considerations about how and how much foreign companies could be taxed. If governments in developing countries better understood the extent to which the MNCs were dependent on their resources and cheap labour, they might apply a more rigorous tax policy. Not so long ago, the great industrial powers were almost omnipotent. That situation was about to change. There were increasing signs of their vulnerability. In the wake of the fall of Bretton Woods, the economic and political crisis made the United States, the USSR, Japan, and Europe look, each in its own way, like helpless giants. There was a growing belief that rich countries would increasingly need poor countries, as much as or more than poor countries needed them. There was ever more intense competition between the industrial giants for scarce resources, export platforms (low-cost labour enclaves producing goods for export to the industrialised world), and new markets. With ever-greater competition, poor countries that were rich in raw materials or cheap labour had ever-greater choice. There was "a dramatic increase in manufactured goods" imported by industrialised countries from developing countries.[27] However, in another chapter of the book Barnet and Müller observed that global exchange was becoming ever more concentrated in trade between industrialised countries. Of course, these observations could both be true. The question was whether the glass was half

full or half empty, whether one was observing things from a Northern or a Southern perspective. In any case, the lesson of the disastrous Vietnam War was that, after it, the United States could no longer use unrestrained military power to get what it needed.

Another kind of knowledge that was useful for developing countries to own was a kind of technical knowledge – about how corporations behaved and the terms they had agreed in other developing countries. Intelligence was a critical factor when bargaining, and the possibility emerged of pooling information through cooperation. So far, most poor countries were "disorganized and easily manipulated by the handful of companies that controlled the major industries." There was a need for change. So far, it had been too easy to "play poor countries off against one another and thereby keep the price of raw materials down." It became evident that, when it came to the exploitation of natural resources, collective bargaining was key to containing the multinationals' power. It was easy to imagine, because of the competition over raw materials, and their scarcity, that natural resources would be the field in which the most dramatic change would take place. But in the end, the most significant long-term shift would be in the manufacturing trade. In this regard, a critical problem for developing countries was their lack of insight into the MNCs' internal operations, for instance their pricing and accounting strategies. Developing governments needed to pool information to swing the power balance their way. Barnet and Müller proposed making use of the domino theory that guided the United States' foreign policy in the 1960s when the threat was that a successful revolution in one country would encourage underground leaders in others:

> … the techniques for monitoring and controlling the behavior of companies are much more easily exportable than the techniques for making revolutions. There is a domino effect operating when a government discovers that its neighbor has successfully imposed a control on a corporation and offers the information as to how to do it.[28]

Barnet and Müller referred to the Andean Common Market, which had introduced laws regulating foreign investments, repatriation of profits, foreign participation in key industries, and transfer of technology, laws that, when they wrote *Global Reach*, were also being considered by the Caribbean Free Trade Association. Additionally, there was exchange of information within the East African Common Market. In terms of information about and regulation of the MNCs, a more significant global power position could be built through regional cooperation. In order to continue to do business, multinationals would have to accept smaller returns than they would like. They would need to furnish knowledge in return for access to raw materials and cheap labour.[29]

Global corporations did not look for profit opportunities in the Third World alone. They also exploited the Second. By 1973, there were 1,200 cooperative arrangements between Western capitalist companies and socialist

states, where production was ordinarily state-owned. The MNCs were not allowed to receive dividends or a share of the profit, but they did exchange patents and know-how for royalties, and they negotiated engineering fees, management fees, interest, and sales commissions. For the Soviet market, enterprising Western capitalism could establish a trans-ideological corporation, which, as long as it operated outside the Soviet Union, could be jointly owned by a Soviet state company and a Western global corporation on a fifty-fifty basis. These were all good reference points for developing countries when it came to negotiating with the MNCs. The tenets of capitalism were pliable and accommodated themselves to the socialist rules of the game. The critical thing was market, growth, and profit. There were increasing pressures on the governments of developing countries to enforce more concessions from global corporations, and there were growing opportunities to do so. However, the crucial question for Barnet and Müller was whether the poor countries would be able to mobilise the administrative and legal skills and recruit incorruptible personnel to exploit the potential.[30]

From the Southern perspective, another problem was that global corporations coordinated their efforts by reacting to the friction between them and the competition that divided them. The Trilateral Commission, initiated by David Rockefeller for the purpose of this kind of coordination (see Chapters 4 and 5), also tried to coordinate the American, Japanese, and West European states politically. The commission's chief economist was Richard Cooper, who, in 1968, used the concept of interdependence to theorise about the emergence of multinationals. In 1974, US Secretary of State Henry Kissinger expanded further on that idea when he proposed Project Interdependence, a rich man's club whose members sought a common strategy to deal with the South. Developing countries had the potential to coordinate efforts to resist or restrict the operations of global corporations. But the corporations did not remain passive in the face of this threat. They resisted it through cooperation. In the next chapter we will further explore Kissinger's role in this respect.

American business and government leaders understood that they could not ignore the criticism multinationals were receiving. The developing countries' complaints contributed to a general deterioration in the climate for foreign direct investment. In the early 1970s, there was a worldwide increase in the expropriation of foreign assets. Between 1970 and 1975, there were 336 such cases in developing countries. The opinion grew that accusations against multinationals needed a response, particularly in the US administration, since US corporations were hardest hit by them.[31]

Criticism existed not only in developing countries but also in the United States and Western Europe. American business associations saw the need to improve the American public's view of the MNCs and began a PR campaign to that end, distributing pamphlets that described how the MNCs directly benefited US workers and how many of them owed their job to overseas business. The pamphlets showed how necessary it was to assume the guise of a

local business in a foreign country and employ local people in order not to look like a foreigner.[32]

In the 1970s, in the wake of the Club of Rome's *Limits to Growth* report (see next Chapter), the collapse of the Bretton Woods system, the decline of the Fordist production regime, and soaring oil prices, the struggle for resources grew more intense. Europe and Japan increasingly behaved like competitors and rivals of the United States. The Southern resource-producing nations saw a chance of increasing their bargaining power, though they also understood the risk of a Northern counterattack. To Barnet and Müller, it seemed clear that if poor countries demanded higher prices for their raw materials and labour, then global corporations would pass the demand on to the consumers. This development was not necessarily a major problem, however. The decisive question was whether there was enough statesmanship in rich countries to recognise that changes in bargaining power and resource pricing were "long overdue in the interests of global justice and global stability."[33]

In conclusion, global corporations began to undermine Keynesianism and its framework of nationally and politically managed welfare economies years before the collapse of Bretton Woods and the Fordist production regime. The Keynesian knowledge regime's difficulties began at the time of its peak power when organised capital took on a global dimension and began to circumvent the national and social limits that had been imposed on it after 1945. We will come back to the global corporations in Chapters 5 and 11 when we'll see that, in the end, through credit-driven demand, they came to replace governments as the managers of Keynesian demand-side economics with disastrous consequences.

The UN as an arena

After its establishment in 1964, UNCTAD (see Chapter 2) became the main forum for criticism of the MNCs. The developing countries formed a negotiating bloc within it, known as the Group of 77 (G77, see Chapter 4). However, other UN institutions too, like the International Labour Organization (ILO) and the Economic and Social Council (ECOSOC), also discussed the issue. In 1974, the G77 moved the focus of their complaints to the UN General Assembly, as we will see in the next chapter.

In July 1972, ECOSOC requested that the UN Secretary-General appoint an eminent persons group to study the role of multinational corporations and their impact on developing countries. The initiative came from Chile's Allende government. The group should formulate conclusions for use of governments in making sovereign decisions about national policy. The background to the request was the recent "dramatic development of the multinational corporation into a major phenomenon in international economic relations." The unprecedented expansion of the MNCs had evoked a strong interest among scholars, mass media, and the general public. The subject's complexity and the controversy surrounding it called for serious

analysis to avoid misconceptions spreading. Multinationals were depicted "in some quarters as key instruments for maximizing world welfare … in others as dangerous agents of imperialism." The basic facts needed to be disentangled from the mass of opinion and ideology, and a practical programme of action formulated.[34]

The group of twenty eminent persons began its work in September 1973 and delivered its report in June 1974.[35] They had three meetings in New York and Geneva, each for ten to twelve days, to which they invited some fifty witnesses to testify before the group in plenary sessions. Testimonies were delivered by experts from business, international organisations, the media, academic research, governmental administration, and politics. The public hearings became an arena for developing countries, labour unions, and political activists to confront the MNCs. The twenty-strong group comprised ten members from the western First World, one from the Soviet Second World, and nine from the Third World. The Indian governor of Kashmir and former Indian UN ambassador Lakshmi Kant Jha chaired the group. He would later become a member of the Brandt Commission. He had three vice-chairs: George Kahama, director-general of the Tanzanian Capital Development Authority; Irwin Miller, chairman of a US American diesel engine multinational; and Pierre Uri, French economics professor, author, and journalist.

The report began with some of the contentious opinions about the MNCs, arguing that most industrial governments had realised their potential and encouraged their expansion beyond their national borders and that certain practices and effects of the MNCs' activities had given rise to widespread concern and anxiety. A strong feeling had emerged that they needed to be reviewed at the international level:

> Opinions vary on the contribution of multinational corporations to world economic development and international relations, on the problems created by them and on the ways in which they should be treated. This was amply borne out in the discussions of the Group and in the views expressed during the hearings by representatives of governments, by labour and consumer organizations, by executives of multinational corporations and by members of the academic community. All, including the multinational corporations themselves, expressed concern of one kind or another.[36]

At the conceptual level, the group agreed that the word "corporation" should substitute "enterprise", and there was a strong feeling that "transnational" would better convey the fact that these firms operate from their home bases across national borders. However, the report used "multinational" to conform to the UN resolution, which had set up the group. The report concluded that the home countries of the MNCs were concerned about the relocation of employment abroad and about the MNCs' capacity to undermine domestic regulation of them. The host countries were worried about ownership and

control of key economic sectors by foreign enterprises, encroachment upon political sovereignty, and the adverse influence of the MNCs on socio-cultural values. Labour interests were concerned about downscaling of labour and social standards. Consumer interests were affected by the quality and price of goods produced by multinationals. The MNCs themselves feared unstable political situations in the host countries as well as the threat of nationalisation or expropriation without adequate compensation. Thus, all stakeholders had problems with the MNCs, but their problems were far from identical. The report concluded that the increased internationalisation of production had caused fundamental new problems. There was a strong need for an immediate response to ease tensions. Although several national and international forums had paid attention to the problems for quite some time, there was as yet no overall approach to the solutions.

The role of the MNCs should be viewed in the context of the global economic and political system in which they operate. Over the previous decades, industrialised countries had experienced unprecedented levels of prosperity and economic growth. With growing material welfare, awareness grew that purely economic goals were insufficient to drive societies. "Man's habitat, both physical and spiritual," was in danger of deterioration, the report stated. There was a widespread feeling of unease and discontent. The report alluded to an increase in radicalisation and a greater willingness to confront authority that had occurred since the end of the 1960s, epitomised by the events of 1968. Protests challenged the continued expansion of large and impersonal institutions, both public and private. The belief had emerged that the individual was being increasingly manipulated by forces difficult to control or influence.

The problems in developing countries, i.e., for most of humankind, were very different. Citizens there had to deal with the challenge of reaching the subsistence level. Millions suffered greater daily privations and assaults on their dignity than mere statistics could ever adequately reflect. The problems of eradicating hunger, disease, and squalor were far from the First World ones about individual freedom or disaffection caused by material wealth. The report noted that at the beginning of the 1970s, the discrepancy between the two kinds of experience testified to "glaring inequalities in the distribution of the world's wealth, between rich and poor countries and within countries." In consequence, serious questions were asked of governments and international institutions about their ability to create policies or mechanisms for the fair and efficient allocation of global resources. The increase in inequality of income and wealth had become a significant problem. In the absence of adequate government policy and social reform, the MNCs, although they were powerful machines of growth, tended to accentuate rather than reduce disparities, the report concluded. It proposed that there be more governmental control over multinationals.

In 1974, as a result of the report, the UN established a permanent forum, the UN Commission on Transnational Corporations (UNCTC), with a

secretariat and an information and research centre. In giving the commission that title, the UN acknowledged the eminent group's conceptual preference for the term "trans" over "multi". In subsequent years, the commission's main job was to create a code of conduct for transnational companies. Issues under the code were the prevention of illegal payments in international commercial transactions and standards for accounting and reporting. The charter passed by the UNGA in December 1974 stated that each state had the right to regulate and exercise authority over foreign investments and to regulate and supervise the activities of transnational corporations within its national jurisdiction. It is not difficult to see the power of the G 77 behind this formulation. It was a significant moment when consideration of the MNC/TNC issue was formally adopted by the UN, where Third World countries were in the majority.

The stumbling block proved to be the developing countries' right to nationalise foreign property and the conditions under which it could occur. The debate revealed tensions between international and national law. Negotiations on the code of conduct began in 1977. They continued for over a decade but did never arrive at an agreement.

In 1974, the OECD governments felt compelled to agree to the establishment of the UNCTC. However, they soon began to dilute the G 77 campaign. In 1976, the OECD passed a declaration with guidelines for multinational companies including a set of voluntary recommendations for their business ethics covering employment, combatting bribery, consumer interests, competition, and taxation. The principle of voluntariness took the stinge out of the G 77 campaign.

Flower season

Global corporations did not challenge their national and social Keynesian roots. They just escaped them, abandoning them with a PR campaign that proclaimed that their planetary enterprise was the future. By drawing attention to them, the considerable amount of criticism against them gave them a strong position centre stage. However, as we saw, after both a transformation from Fordism to post-Fordism and the NIEO's critique of them, they gradually disappeared from the limelight in the 1980s. It was like the changeover in a relay race. The global corporations' PR machinery handed over the baton to the political and academic ideologues. Global corporations became the agents and executors of the legitimising radical market ideology. Expanding multinationals and their PR campaigns eroded the interpretative power of Keynesianism. In the wake of the growth of global corporations, one theory or ideology phased out as the other phased in, providing legitimacy for new ways to organise and mobilise capital.

The expansion of mutinational corporations after 1965 occurred in response to the crisis in the 1970s, one core dimension of which was the crisis of Fordism in the North. The issue at stake was the maximisation of global

profit, and in this respect, Fordism was reaching its limit. The future was in service and financing and new kinds of industries that operated with global production chains where much of the manufacturing in the North was relocated to the South.

The transformation from manufacturing to finance meant a shift from bricks and mortar to portfolio investments. In the 1980s, the governments sped up this development through increasing deregulation and globalisation of the financial markets. Against the backdrop of the declining or collapsing industries, and the gloomy 1970s in general, the conclusion was that portfolio investments were the profitable future. Governments underpinned this development and in a second step they lost control of it without much concern, reflection, or insight. Vanessa Ogle has drawn attention to the expansion of global tax havens simultaneously with the rolling back of governmental interventions. Trading factories for finance provoked in the 1980s a pro-business public climate in the North-Atlantic region with tax cuts for both individuals and corporations. The contrast to the gloomy 1970s confirmed that less government, "lower taxes, rolled-back regulation, and carved-out economic enclaves" were the new road to progress and success. Ogle shows that the tax haven structures emerged in the 1920s, were refined under governmental support amidst the decades of Keynesian welfare capitalism and blossomed out to full floral splendour under declining governmental control in the 1980s.[37]

Gulnaz Sharafutdinova and Karen Dawisha followed up this development with a study of how the harvest time became ever more plentiful after 2000. They do it with a particular focus on Russia, but their argument is more general.[38] In the old Keynesian welfare model capital's preference was democracy and rule-of-law regimes with strong public institutions offering predictability and reliable and stable labour supply with spending power. Through the financial internationalisation and growing capital mobility after 1980 the power dynamics between the representatives of capital and the state changed fundamentally. Capital flight escaped redistributive pressures weakening governments and their institutions. Sharafutdinova and Dawisha build on Albert Hirschman's three reaction options to social organisations' declining achievement: exit, voice, and loyalty.[39] The global finance industry with international banks, offshore financial zones, and foreign legal institutions accessible for foreign clients, like private arbitration courts, provide the instruments for an exit strategy for business reacting to conditions at home. Economic elites do not care about rule-of-law regimes and predictability when they look for lower taxes and laxer regulations to relocate their legal headquarters. Voice strategies trying to change the rules at home through lobbying and other activities are more expensive and less rewarding. Tax havens and other offshore centres with low regulation are frequent goals in the exit operations for the rescuing of economic assets from political extraction, escaping legal and financial institutions and restrictions at home. The Russian oligarchs are a case in point rather than exceptional case. They "rely on foreign legal and financial infrastructures as reflected in (1) capital

flight and the use of foreign corporate structures, offshore financial centres, and real estate markets; (2) the roundtripping of foreign direct investment; and (3) reliance on foreign law in contract-writing and private courts in dispute-resolution."[40]

American management practices, values, and lifestyles spread over the world in the rapidly growing wave of global corporations' power in the 1980s accelerating in the '90 s, the new MNCs. Hotels (such as Holiday Inn, Hilton, Sheraton, and Intercontinental) and fast-food retailers (such as McDonald's and Coca-Cola) spread American values and tastes through Africa, Asia, and Europe, using the process of global branding. The Cuban-based American firm Bacardi produced rum for the American market, but after 1960, when Castro expelled it, it sold rum worldwide, assisted by an advertising campaign by Coca-Cola that proclaimed itself the perfect mixer. New financial markets emerged which supported the MNCs, and multinational banking grew exponentially, enjoying ever-greater freedom to transcend national control. The United States walked onto the global banking stage, and by the 1980s, the once-dominant European overseas banking networks in Latin America, Africa, Asia, and Australia, had largely disappeared.[41]

Twenty years after *Global Reach*, Richard Barnet published *Global Dreams*, this time with a different co-author, John Cavanagh.[42] The new book was just as critical. Twenty years on, the power of the MNCs had grown exponentially and acquired a fashionable new term: globalisation. Global economic integration promoted worldwide political and social disintegration. A few hundred global corporations were the first secular institutions that thought and planned on a global scale. Things that MNC managers had dreamt of twenty years earlier had become a reality. In particular, the acceleration of time through digitalisation had made it possible: Coca-Cola's commercials that reached billions in the same instant, Citibank's credit cards for Asian yuppies, and Nike's network that produced billions of sports shoes in factories with externalised costs. Four intersecting webs of global commercial activity on which the world economy largely rested had emerged: the global cultural bazaar, the global shopping mall, the global workplace, and the global financial network.

In the global cultural bazaar, films, TV, radio, music, magazines, T-shirts, games, and toys disseminated global images and spread global dreams. Even in what some people still called the Third World, dinner hour was the occasion for television. In bars, cafés, and homes worldwide, there was the same absence of conversation and human interaction. Singly or together, people listened to the same commercially produced songs and stories using the same electronic devices, "riveted in front of a cathode tube."[43]

The global shopping mall was a planetary supermarket with a vast, immediately available range of things to eat, drink, wear, and enjoy. The mall sent dreams of affluent living to "the farthest reaches of the globe," even though, of the 5.4 billion people living on earth, almost 3.6 billion had neither cash nor credit to buy much of anything.[44]

The global workplace comprised a network of factories, workshops, law offices, hospitals, restaurants, and "all sorts of other places" where goods were produced, information processed, and services of every description rendered. Everything from cigarettes to cars contained materials from dozens of countries pieced together in globally integrated assembly lines. However, instead of the piecework machines and conveyor belts of the Fordist production mode, what was sold now could be adjusted to individual tastes. Barnet and Cavanagh described a worldwide labour market with a global labour pool in which swam "more and more of us, from the chief executive officer to the wastebasket emptier." And hundreds of millions more of the world's uprooted and dispossessed were desperate to jump in. The pressures to cut labour costs had a profound impact on the world labour market. The impact of population pressures, automation, and the global reorganisation of work and job prospects were visible everywhere. People weren't employed to make goods because other people were too poor to buy them. Goods weren't made and the poor remained poor.[45]

The global financial network was a constantly shifting maze of currency transactions, global securities, Master Cards, euro-yen swaps, ruffs, and an "ever more innovative array of speculative devices for repackaging and selling money." Day and night, trillions of dollars flowed "through the world's major foreign exchange markets as bits of data travelling at split-second speed." At most, ten percent of this staggering sum had something to do with trade in goods and services. International traffic in money had become an end in itself, "a highly profitable game." John M Keynes' prediction had come true. He had predicted the rise of the casino economy when he'd intimated that one day, technology might be harnessed in the service of non-recreational gambling.[46]

Barnet and Cavanagh outlined their post-1990 scenario fourteen years before the financial crisis of 2008. They identified one big threatening problem:

> The most disturbing aspect of this system is that the formidable power and mobility of global corporations are undermining the effectiveness of national governments in carrying out essential policies on behalf of their people. Leaders of nation-states are losing much of the control over their own territory they once had. More and more, they must conform to the demands of the outside world because the outsiders are already inside their gates.[47]

No one knew how to manage national economies for stability and growth without "destroying people, crushing their spirit, or wrecking the environment." Political programmes could provoke short-term booms, but long-term economic management had become a mystery since nothing worked as theory predicted it should. Juggling interest rates and exchange rates, raising and lowering taxes, as had been done in the Keynesian world, now failed to

produce the expected results and instead, created a series of unwelcome surprises.

The influence of MNCs in the global economy had increased dramatically since the 1970s. The number with headquarters in countries from which the most foreign direct investment originated increased from 7,000 in the late 1960s to 40,000 in the late 1990s. By 2000, 63,000 transnational corporations with more than 690,000 foreign affiliates accounted for about a quarter of global output. Half the world's trade was conducted between units of multinational corporations. MNCs coordinated international economic flows and allocated activities and resources worldwide. The list of the world's hundred largest economies included twenty-nine corporations and seventy-one countries.

One should not think of this development as simply an unvarying roll call of unequivocal triumphs before a breakdown took place out of the blue in 2008. In 2005, an edited collection of articles, referring to the MNCs as Leviathans, shed light on the problems and threats they faced and analysed the protests and critical voices that ranged against them. The collection claimed that the MNCs accounted for the growth in poverty and inequality, abuse of human and worker rights, consumerism, and environmental degradation. Inequality within and between nations had increased the number of people living in extreme poverty. Protests targeted the World Trade Organization (in Seattle in 1999), the World Bank ("Break the Bank"), the IMF ("Defund the Fund"), and Wall Street (the Occupy movement). One of the book's contributors referred to the American environmental activist Ralph Nader when he said that globalisation represented an institutionalised global economic and political structure of unseen dimensions. Increasingly, governments were being taken hostage by a global, financial and commercial system that was engineered through market autocracy to favour corporate interests. The international economic system was structured to protect and enhance the profitability and power of the MNCs. The system was neither democratic nor transparent. Neoliberal deregulation had extended the market's scope to envelop all aspects of social, cultural, and political life. "Nonmarket values no longer had any value." Globalisation meant that a Western consumerist mentality was adopted the world over. This mentality had little interest in diversity or local products. It was a force for homogenisation, the "McDonaldization" of the world.[48]

Egon Bahr, advisor and friend to Willy Brandt, provides an early glimpse of how helpless governments were when facing this development long before it had reached its peak. He recalls a cabinet meeting in Bonn in the 1970s:

> The first oil price shock took us by surprise. In the cabinet, Willy Brandt was candid and asked the Economics Minister Hans Friderichs how one set oil prices. For his part, the minister candidly declared that he didn't know, but promised to find out by the following cabinet meeting. Then he said that the price was set by the oil multinationals – an opaque

> process. I was then honest and said it was no problem, I would call Kissinger. He answered that he would let me know in a few days. The result was as much knowledge as the economics minister had. Even the American government have no idea how global corporations priced a critical global raw material.[49]

From the perspective of a global corporation, the president of IBM commented on this development by saying that the boundaries that separate nations are no more real than the equator. They were just convenient demarcations between ethnic, linguistic, and cultural entities. Other countries were no longer seen as groups of potential foreign customers but as an extension of a single market. The exploitation of that market required global planning, and this was the task of global capital.[50] With profit as the criterion by which efficiency was judged, political planning within a national framework and questions about the distribution of profits were only destroying the efficiency game. The full implications of global capital's flower season were visible only a decade and more after the Brandt Commission and beyond its scope. However, the scenario is of relevance in the evaluation of Brandt as Chapters 5 and 11 will argue.

Notes

1 Richard Barnet and Ronald Müller, *Global Reach: The Power of the Multinational Corporations* (New York: Simon & Schuster, 1974), 13.
2 Ibid., 389
3 See, for instance, Quinn Slobodian, *Globalists: The End of Empire and the Birth of Neoliberalism* (Cambridge, MA: Harvard University Press, 2018).
4 Jenny Andersson, *The Future of the World*. See also Christian Marx, *Wegbereiter der Globalisierung. Ausbreitung und Umstrukturierung multinationaler Unternehmen der westeuropäischen Chemieindustrie in der Zeit nach dem Boom (1960er-2000er Jahre)*, Habilitation Thesis (Universität Trier, 2020).
5 Vernie Oliveiro, "The United States, Multinational Enterprises, and the Politics of Globalization," in *The Shock of the Global: The 1970s in Perspective*, ed. Niall Ferguson, Charles S. Maier, Erez Manela, and Daniel J. Sargent (Cambridge, MA: Harvard University Press, 2010): 143–155, quotation p. 143.
6 The topic was one of the main themes at the International Economic History Congress in Berne in 1986. A volume was prepared for the congress: Alice Teichova, Maurice Lévy-Boyer, Helga Nussbaum, eds., *Multinational Enterprise in Historical Perspective* (Cambridge: Cambridge University Press, 1986).
7 D.K. Fieldhouse, "The Multinational: a Critique of a Concept," in *Multinational Enterprise in Historical Perspective*, 10–11.
8 Thomas Piketty, *Capital in the Twenty-First Century*. Translated by Arthur Goldhammer (Cambridge, MA: Harvard University Press, 2014).
9 Bennett Harrison and Barry Bluestone, *The Great U-turn: Corporate Restructuring and The Polarizing of America* (New York: Basic Books, 1988); Neva Goodwin, "The Social Impacts of Multinational Corporations. An Outline of the Issues with a Focus on Workers" in Alfred Chandler Jr. and Bruce Mazlish, *Leviathans: Multinational Corporations and the New Global History* (Cambridge: Cambridge University Press, 2005), 145–6.

10 Brian Roach, “A Primer on Multinational Corporations,” in *Leviathans*.
11 Fieldhouse, “The Multinational: a Critique of a Concept,” 17.
12 Louis Tyrner, *Invisible Empires: Multinational Companies and the Modern World* (New York: Harcourt Brace Jovanovich, 1971); Kari Levitt, *Silent Surrender: the Multinational Corporation in Canada* (Montreal: McGill University Press, 1970); Christopher Tugendhaft, *The Multinationals.* Colchester: TBS 1971; Barnet and Müller, *Global Reach*.
13 Paul Baran and Paul Sweezey. *Monopoly Capital: An Essay on the American Economic and Social Order* (New York: Monthly Review Press, 1966). Kwame Nkrumah, *Neo-Colonialism. The Last Stage of Imperialism* (London: Thomas Nelson & Sons, 1965).
14 Charles Kindleberger, *American Business Abroad: Six Lectures on Direct Investment* (New Haven: Yale University Press, 1969); Sydney Rolfe, *The Multinational Corporation in the World Economy* (New York: Praeger, 1970).
15 Sanjaya Laall and Paul Streeten, *Foreign Investment, Transnationals and Developing Countries* (London: Palgrave, 1977); Neil Hood and Stephen Young, *The Economics of Multinational Enterprise* (London: Longman, 1979); Richard E. Caves, *Multinational Enterprise and Economic Analysis* (Cambridge: Cambridge University Press, 1982).
16 Fieldhouse, “The Multinational: a Critique of a Concept,” 26, and John H. Dunning, “Changes in the Level and Structure of International Business,” in *The Growth of International Business*, ed. Mark Casson (London: Routledge 2012), 103, 134–5.
17 Barnet and Müller, *Global Reach*, 150–51.
18 Ibid., 152–53.
19 Ibid., 157–60.
20 Ibid., 161–68.
21 Ibid., 170–72.
22 Ibid., 174.
23 Robert L. Heilbroner, “Counter-revolutionary America,” in *Struggle against History: US Foreign Policy in an Age of Revolution*, ed. Neal D. Houghton (New York: Washington Square Press, 1968). Quoted in Barnet and Müller, *Global Reach*, 174.
24 Barnet and Müller, *Global Reach*, 180.
25 Ibid., 182.
26 Ibid., 192–93.
27 Ibid., 194.
28 Ibid., 200.
29 Ibid., 200–201.
30 Ibid., 201–204.
31 Oliveiro “The United States, Multinational Enterprises, and the Politics of Globalization,” 144.
32 Ibid., 146.
33 Barnet and Müller, *Global Reach*, 210.
34 UN Department of Economic and Social Affairs, *Multinational Corporations in World Development* (New York: UN Publication Sales No 73:II.A.11, 1973), 1. The report was a preparatory text for the group of eminent persons.
35 UN Economic and Social Council, “United Nations: Reports on the Impact of Multinational Corporations on the Development Process and on International Relations,” *International Legal Materials* 13, no. 4 (1974): 791–869. URL: https://www.jstor.org/stable/20691289 Retrieved 18 March 2021.
36 Ibid.

37 Vanessa Ogle. "Archipelago Capitalism: Tax Havens, Offshore Money, and the State, 1950s–1970s," *American Historical Review* 122, no. 5(2017): 1434. The expression trading factories for finance in Judith Stein, *Pivotal Decade: How the United States Traded Factories for Finance in the Seventies* (New Haven: Yale University Press, 2010). Also see Vanessa Ogle "'Funk Money': The end of the Empires, the Expansion of Tax Havens, and Decolonisation as an Economic and Financial Event," in *Past and Present*, 249 no. 1 (2020): 213–249, where Ogle outlines how colonisers' funds during the decolonisation flowed out and to a significant extent moved to an emerging system of offshore tax havens.
38 Gulnaz Sharafutdinova and Karen Dawisha, "The Escape from Institution-Building in a Globalized World: Lessons from Russia" in *Perspectives on Politics* Vol 15 No 2 June 2017: 361–378.
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40 Sharafutdinova and Dawisha 2017: 366.
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44 Ibid., 16.
45 Ibid., 16–17.
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