

U.S. imperialism — how it works

By LEE WEBB
Guardian Staff

America's prosperity is to a great degree the result of its worldwide economic dominance. What foreign traveler in London, Mexico City, Tokyo, Caracas or Leopoldville can ignore the American-owned factories and stores, the U.S. banks, the Coca-Cola signs and the American goods that fill up the stores.

Venturing away from the city, U.S.-owned plants, mines, smelters, and plantations can be found everywhere. In fact, many giant U.S. corporations sell more and earn more profits abroad than they do at home.

America exports about \$30-billion worth of goods — primarily manufactured products — and imports \$30-billion — primarily raw materials — making it by far the dominant force in international trade. In addition, the U.S. corporations have invested more than \$60-billion in mines, smelters, oil wells and manufacturing plants abroad.

Giant corporations dominate U.S. foreign investment as well as export and import trade. They reap the benefits of America's worldwide role. For instance, it is estimated the top 60 U.S. corporations account for over two-thirds of all foreign investments and the top 200 U.S. corporations account for all of it.

The American economy is dependent on foreign investment, exports and imports for its health and prosperity because the giant corporations are dependent on these foreign markets. In their search for stable and cheap raw materials, U.S. corporations have been the primary force and the beneficiary in American expansion overseas. Their quest for growth and profit has led them deep into the affairs and politics of Europe, Latin America, Africa and Asia.

Few people realize how important foreign markets, investments and sources of raw materials are to American corporations and thus to the American economy. Liberal economists dismiss any mention of U.S. "dependence" by raising one statistic U.S. exports are less than 4 per cent of the gross national product. This is a true but highly misleading fact.

The key industrial sector of the American economy depends heavily on foreign markets. By comparing exports to GNP, the liberal economists compare apples with eggs. The GNP includes in its accounting advertising expenditures, federal, state and local expenditures and all banking and financial transactions. If we compare exports to a more useful figure — the domestic production of goods — we find that in 1964, 8.6 per cent of American goods (not 4 per cent) had to find foreign outlets for sales.

The 8.6 per cent figure is for all industry and agriculture. Specific industries, particularly those of high technology, are more dependent on foreign markets. For example, in the agricultural sector over 20 per cent of the



products of American farms cannot find markets in the U.S. and must be sold overseas. Other examples from the year 1968 are 19.1 per cent of all coal production, 14.8 per cent of all engines and turbines, 26.9 per cent of all construction and mining machinery and 14.0 per cent of all metal working machinery was exported.

The great trend in recent years has been for U.S. corporations to set up or buy manufacturing plants abroad, not just increase exports. The amount of sales by U.S. corporations abroad is enormous.

In 1964 for instance, while the U.S. exported only \$24-billion in goods, investments abroad either from direct ownership of factories or through equities produced approximately \$143-billion worth of goods sold overseas. (These figures as others above, are from "The Age of

Imperialism" by Harry Magdoff, Monthly Review Press, 1969).

In other words American corporations were dependent on foreign markets to buy approximately \$186-billion worth of their production in just one year. Magdoff estimates that this foreign market is approximately 40 per cent of the domestic market. Thus U.S. corporations depend on overseas markets for their sales perhaps ten times more than the 4 per cent figure liberal economists throw at us all the time.

In fact, a growing percentage of American corporations were forced to earn either half their profits or sales from foreign operations. In 1961, for example, Yale and Towne earned 80 per cent of its profits from abroad and the Aluminum Corp. of America got 65 per cent of its income from abroad.

This business pays off. In 1964, over 22 per cent of U.S. manufacturing profits came from their foreign operations. U.S. investments overseas have been so profitable (to the corporation) that investments abroad as a percentage of total U.S. investments each year have risen rapidly. In 1957, investments abroad were 8 per cent of the total. By just 1965, investments abroad had grown to 17.3 per cent of the total.

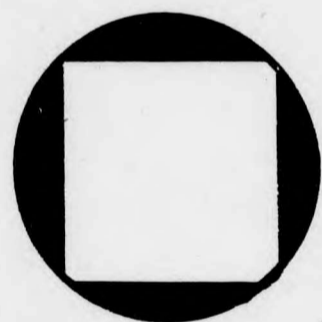
Furthermore, the U.S. is also dependent on foreign sources of supply for most of the raw material its economy needs. Steel can't be made without manganese. The only countries with sufficient deposits besides China and the U.S.S.R. are India, Gabon and South Africa. The same situation prevails with most of the other critical raw materials.

The mineral yearbook for 1963 computed how much of each mineral needed by U.S. industry had to be imported. At the top of the list was the important metal chromium of which 100 per cent had to be imported, 98 per cent of cobalt, 94 per cent of manganese, 86 per cent of nickel, 85 per cent of bauxite and 78 per cent of tin had to be imported, among other materials.

Another study surveyed the entire raw material situation, revealing that in 39 commodities critical to the American economy more than 80 per cent had to be imported. In only 23 commodities of the 97 commodities surveyed could the U.S. be called self-sufficient.

Corporate investment and foreign policy must of course be closely linked to assure politically secure and cheap sources of these raw materials. Besides manganese, the only place the U.S. can get chromium from is either South Africa or Rhodesia.

In many ways America's worldwide diplomatic and military expansion is a result of the worldwide expansion of American corporations. Their constant search for markets, investments and raw materials moves the U.S. deeper and deeper into the political life of every nation in the world.



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Pilferage

The people involved in planning the new York bookstore felt that it should be open, comfortable, well stocked and inviting — the perfect place to browse, rest and leisurely examine a fine representation of the available printed word. University officials had anticipated a 5% "profit" and decided to apply it to a 5% discount on book purchases. The profit isn't going to materialize. Pilferage has eaten it away. The "university" lost money on the bookstore last year. We're losing even more now. Do we discontinue the discount or raise prices to balance the stealing? Hopefully not. If we did (the Bookstore Committee presumably) we would additionally penalize each honest bookbuying person on campus. If we hired uniformed guards or bought closed circuit TV, we all would be faced with viewing guards or "Big Brother" each time we wanted to search out a book — hardly the intended spirit of the new facility.

The alternative has been taken. We've joined the department store crowd and employed a few security people — in straight clothes to do the nasty job no one else wants to do. It's been a rough week all around. We will have lost quite a bit of money already this term. But we have begun to adjust the flow of "benefits" from completely free goods to a few people to better discounts and prices for all of us.

Steve Zalewski,

Manager,

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