Expanding Empire Chapter 6: Growth of foreign investments drives U.S. to war

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While in 1900 the total capital of all U.S. corporations of all kinds was $10 billion, the total invested capital of just the top 500 industrial corporations today [1968] is $166.8 billion.1 This does not allow for the change in the value of the dollar, but it conveys some idea of the development that has taken place.

But what is the relation of the concentration of capital at home to the investment of capital abroad?

In 1909, after a hectic growth, brought on partly by the profits of the Spanish-American War itself as well as its conquests, and partly by the further westward push in the internal U.S. market, 200 top non-financial corporations, led by U.S. Steel and Standard Oil, had the bulk of all such corporate assets: $26 billion.2 The total assets of the top 500 industrials today are $282 billion.

An idea of the predominating position these 500 hold may be gleaned from the following fact:

Just five years ago, the total combined assets of all manufacturing and mining corporations in the United States—187,000 of them—were worth $292 billion.3

The point here is not that 500 companies have all the money, or that they enjoy an unfair advantage over the people who work for them, not to mention the millions who are unemployed. The point is that this concentration is not just a concentration of wealth but of capital—that is, of machinery and the other means of production.

The point is that the mechanism pushing the rulers of America to expand or die is now far more powerful than ever before.

The capitalist's problem is the problem of the whole class, and even more urgently, the problem of the leaders of the capitalist class in the government. The problem, of course, is how to expand rather than to die.

Why this estimate is very conservative

The problem has been asserting itself ever more sharply since 1898. And it has been "solved"—after a fashion.

It has been solved by a concentration of U.S. capital outside the United States that is going on at a faster pace than inside. The expansion itself is expanding!

It is difficult to make a direct statistical comparison because of the unreliability of overall corporate figures before 1926. But a very close parallel to 1909 may be obtained in this way:

Adding the total assets of the top 500 industrial companies today to those of the top 50 each of utilities, transport companies and merchandising firms, we come up with the grand total of $432 billion in assets. This is for the group of corporations that today occupy about the same concentrated position that the top 200 did in 1909. And just about the same small circle of banks and investment houses control this aggregation of $432 billion as controlled the $26 billion in 1909.

But our point is not merely that a few people own all the wealth. Our point is that this wealth is a peculiar kind of wealth and demands foreign investments as a wolf demands fresh blood—and with infinitely more power and deadliness.

Tremendous as the growth in corporate assets has been since 1909, the growth in foreign investments has far outstripped it in every way. Foreign corporate investments in 1909 were about $2 billion. Accumulated corporate foreign investments at the end of 1966 were supposed to be $54.5 billion.

Thus the total assets were multiplied by 16. The total foreign investments were multiplied by 27.

In studying the relation of the foreign investment to the total assets of leading corporations, it must be understood that the investments are a part of those assets—that is, that the assets actually present within the United States are not $432 billion, but $432 billion minus $54.5 billion, the amount that is invested abroad.

(We shall demonstrate later that the leading corporations monopolize nearly all foreign holdings.)

It should be added that the "assets" of corporations overlap each other considerably. They list as assets, for example, the stock they own in other corporations. Moreover, government bonds owned by the companies are called assets, when they are really claims on future wealth from not-yet-productive labor. And so on.

But the $54.5 billion in corporate foreign investment is a hard, rock-bottom figure that sums up only the reported dollar investment over the years, with no adjustment for appreciation in value, or allowance for concealment by corporate bookkeepers. The Amal oilfields in Libya, for example, have proven reserves of many billions of barrels of oil. But the "investment" of Jersey Standard and Mobil Oil was only a few million dollars.

The $54.5 billion is invested capital. The total actual "invested capital" listed for our 650 biggest non-financial corporations at home and abroad is $239 billion.

Furthermore, besides taking the corporations' own word for what they now have invested, we have left out the enormous U.S. government investments—which didn't exist at all in 1909—which are indirectly controlled by the corporations anyway, and in any event nearly all facilitate the extracting of more profits from the purely corporate investments.4

Thus there is now at least twice the amount of corporate foreign investment relative to concentration of capital at home than there was in 1909, and probably three times what there was in 1900.

These dead figures and these simple proportions can give only the faintest echo of the fate of the millions and billions of people whose lives are so intimately affected by them. Comparing these figures can only give an indication of the mad drive for war and more war that dominates the U.S. ruling class.

But one thing the figures prove beyond refutation is that big business is becoming more dependent upon its foreign empire, and its foreign empire is becoming much more integral to its existence.

Further concentration at home and abroad

We have given only the broadest picture of concentration either at home or abroad. Consider the 500 top industrials. Just the top ten of them have combined assets of $71 billion, or 23 percent of the assets of the whole 500.

These top ten are General Motors, Ford Motor, Standard Oil of New Jersey, General Electric, Chrysler, Mobil Oil, Texaco, U.S. Steel, IBM and Gulf Oil.

Even if we did not know that the banks belonging to the Morgans and Rockefellers, plus a few others, controlled every one of these companies, and the rest of the 500, too, their own corporate influence would be obviously monopolistic.

But their monopoly of U.S. investments abroad is even greater than their monopoly at home. And this, too, is not merely a matter of unfairness and all-powerful exploitation. It also reflects a still greater dependency upon foreign countries, and a greater centralization of that dependency, with important consequences for the American people—particularly the draft able males between the ages of 18 and 26.

Where all 187,000 manufacturing and mining companies at home had total combined assets of $292 billion in 1961, there are just 4,200 U.S companies altogether doing business abroad today,5 with total combined investments of $34.5 billion in foreign countries.

The 187,000 companies at home had average assets of $1.6 million each.

The 4,200 companies abroad average assets of $9 million each.6

Thus monopoly is multiplied when it goes abroad. But this isn't all.

There was a record corporate foreign investment of $5.3 billion in 1966. Of this, Ford contributed $230 million; General Motors, $290 million; Standard of New Jersey, $640 million; Mobil Oil, $680 million, including costs of exploration for the last two named; IBM, $1.5 billion.

General Electric did not specify in its report to stockholders exactly what it spent abroad. But in 1966 alone, it acquired the Kuba-Imperial group of West German radio and TV receiver producers; it also acquired Computron, Inc., makers of magnetic recording tape, another West German company. In addition to these, it got new subsidiaries in Chile, Switzerland, Britain, Italy and Ireland. It also established another subsidiary in Puerto Rico—the U.S. colony where billions in foreign investment are not counted as such by the Department of Commerce. It already has several subsidiaries in Asia.

It would not be exaggerating to say that well over 30 percent of all the foreign corporate investment in 1966 was made by the top ten industrial corporations.

Where the top ten industrials at home had 23 percent of all the assets of the top 500 companies, no more than three corporations have 18 percent of all the combined foreign assets of the whole 4,200 doing business abroad!7

The three are Standard Oil of New Jersey, Standard Oil of California and Mobil Oil.

These three, in turn, are dominated by one financial group, the Rockefellers. With Gulf, Texaco and Standard of Indiana, they account for well over 25 percent of all admitted U.S. foreign investment. The Mellons of Gulf are semi-dependent on the Rockefellers, at least so far as the oil business goes. They get two and a half times as much black gold from Kuwait as they do from the whole United States. But they use Standard pipelines and the Standard bank. And Texaco, although in competition, works closely together with Rockefellers in the Arabian-American Oil Co.

Let us add that the most "intimate," so to speak, circle of Rockefeller oil companies, the larger ones most directly owned or dominated by the Rockefellers—Jersey Standard, Mobil Oil, California Standard, Indiana Standard and Ohio Standard—have combined total assets of $28.5 billion.

But, by the most conservative estimate, they have over $11 billion invested abroad. This is 39 percent of the total assets of the basic empire of the Rockefellers. And even that is not the full story, since the profits from foreign investments are usually greater than those from U.S. holdings—especially oil investments.

Moreover, it is by no means just the pillage of the soil that is conducted abroad. The manufacturing, refining and even distribution are moving out of the U.S. too. The mighty Mobil Oil, formerly Socony Mobil, now refines more oil and gas abroad than it does at home. (This has been true for less than three years.) And it is in the process of increasing foreign refining capacity another 20 percent.

Esso gas stations—i.e. Standard of New Jersey—and Amoco pumps—Standard of Indiana—are now seen in most countries outside the socialist group. Esso's airport tank-loading service truck can now be seen in 76 foreign countries.

Mobil, in over 100 countries, including the Philippines, Japan and Singapore, in 1966 acquired a third interest in Aral, A.G., West Germany's largest gasoline and oil distributor. The Mobil-Aral chain now has 10,500 service stations in West Germany and 2,500 in neighboring countries.8

"Jersey Standard sells as much gas and oil and chemicals in Europe as it does in the U.S. More than that, Jersey's European business is growing faster than its U.S. business."9 Thus the part of capital expanding abroad begins to be more precious than that left at home. It demands more attention, and more armed protection, almost by definition.

But as it expands, it also demands a more aggressive armed protection. This protection is called "defending the interests of the United States"—not an entirely false statement, considering who owns the United States and who runs it!

1. Fortune Magazine, June 1967

2. Assets and "capital" are not the same. Assets are usually much larger. They include accounts payable, intangibles, etc.

3. "U.S. Government Statistics From Colonial Times to 1957," Supplement to 1962

4. Fortune, June 1967

5. Department of Commerce, 1967

6. Actually, since the $54.5 billion is all invested capital, the "assets," which include other intangibles, notes receivable, etc., would be still greater!

7. Total foreign investment of all U.S. oil companies is figured at over 30 percent of all U.S. foreign investment. Considering actual market value, it is far more than this. However, the above-named giants own so great a share of the oil industry, that these figures are about right, even at the most conservative calculation.

8. Various annual reports.

9. Time Magazine, Dec. 28, 1967

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