

MULTINATIONAL CORPORATIONS: CAPABLE AND CULPABLE

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Abstract: Looking behind the scenes of multinational corporations (MNC), we find that in many cases they appear as either heroes or monsters, great people or fraudsters. For the sake of truth, we cannot be silent about the significant merits of Rockefeller, as we cannot overlook the fact that he is guilty of blackmail and corruption, that Deterding financed Nazism which gave rise to Hitler, that some oil magnates have plotted a series of assassinations, bearing the plight of annihilation of many progressive political people, that during the Second World War, they unscrupulously supplied the belligerents of both camps, their primary goal being to get as much profits as possible. The magnates that lead multinational corporations are certainly not saints. Scruples do not hinder them and, as their interests dictate, they raise or lower prices; tighten or relax competition; they do not wince to conclude more or less legal cartels, to conduct more or less moral maneuvers, to fraud the tax system; to resort to bribery, corruption, blackmail. Undoubtedly, those companies are real powers, true states inside a state, able to exert pressure on governments and finance coup d'états, conceiving plots and conduct assassinations. Can we conclude that multinational corporations have been and are the masters of the universe that have imposed their will and law? Reality is not so simple.

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1. INTRODUCTION

Multinationals are said to be borderless and limitless, sometimes more powerful than states. Nothing is less certain. In a world of increased economic conflict, under the critical eye of the Internet and NGOs, in close links with nation-states that are densifying their regulations, they are less autonomous and more fragile than we think.

We know it since the fall of the USSR, Marx was soluble in Coca-Cola [1]. Western multinationals have triumphed over communism in all areas: that of consumption, but also that of innovation and even military force.

2. MULTINATIONALS VERSUS STATES?

In 1991, a short period began when experts dreamed of the end of history. Liberalism triumphed, borders faded, the future belonged to the multinationals who, extending into the last corners of a market that had become global, tried to avoid any regulation. They put the nations in competition by deciding to establish themselves - or not to establish themselves - at home according to the advantages granted to them: lower taxes and social charges, freedom to trade and repatriate their profits, ability to set prices and wages as they wished. They no longer needed the states, the opposite was true. In the name of their interests and the values they claimed to bring, the big firms did not hesitate to refuse the injunctions of the administrations. In 2016, Apple refused to unblock for the benefit of the FBI the phone of one of the attackers of the terrorist attack of San Bernardino. The balance of power between large corporations and states seemed to have shifted from the latter to the first: they were able to deploy across the global market while states remained stranded within their borders. However, Net giants are suspected of placing backpacks on their devices that are accessible to the *US National Security Agency* (NSA). Several of them accepted the instructions of the Chinese government, and Yahoo! did not hesitate to publish information allowing Beijing to condemn several dissidents of this country. Forgotten "values", only market access matters. And, contrary to popular belief about the mobility of multinational firms, this access depends on the states.

3. QUARREL OF NUMBERS

A mistake often made is based on the comparison between the GDP of the latter and the turnover of the companies. In this game, Walmart reaches the 21st place in front of Argentina, Toyota in the 44th, Apple in the 46th and Exxon in the 47th, in front of most countries of the South. But comparing GDP and turnover has little meaning, since GDP is the sum of value added and business value added is only a part of their turnover, often a quarter. Moreover, even the largest multinational, Walmart, weighs little against the largest countries - its turnover represents only 3% of the GDP of the United States, its value added less than 1% [2]. Finally, the nation-states have weapons that multinationals lack: the legitimacy of their power, the moral force of the law, the monopoly of the use of force. They are in charge of the common good, while companies serve private interests, and this simple fact establishes a hierarchy of values for their benefit.

4. THE IRRUPTION OF THE NET

Certainly, it's not just the nation-states. Multinationals must take into account world opinion and the NGOs that structure it and often put them in check. They are tackling what has become the most valuable and fragile asset of companies: their image. In 1995, Greenpeace attacked Shell, which was planning to sink an oil storage tank in the North Sea. Environmentalists are indignant: 5,500 tons of oil would be dumped at sea on this occasion, they denounce. They alert the public, occupy the platform and organize a boycott of the oil company in Germany. Shell gives in and decides to tow the tank ashore. It appears then that Greenpeace was wrong (lied?) In its estimates, which it is obliged to recognize in a letter of apology to Shell. A small humiliation that does not cancel a great success.

What happened? Two events have radically changed the balance of power at the expense of multinationals.

The first is the irruption of the Internet. As Christian Harbulot, director of the School of Economic Warfare, demonstrates, the Web changes the relationship between the strong and the weak [3]. The strong, here the large multinationals, rests on the power of his money, his knowledge of the workings of justice, the fabric of its relations and its support in the administration. And it only takes a small organization, sometimes even a single individual, to run an original campaign on the Web for the multinational to find itself in trouble. Harbulot recalls the case of Robert Lane who opened a site in 1998 to the glory of his favorite car, the Ford Mustang. First seen by the management of the company, the initiative was less appreciated when critics began to appear on the site. The resort to justice proved counterproductive, Internet users taking the defense of the weak against the strong.

5. THE RETURN OF THE ECONOMIC WAR

Multinationals have learned. They now know how to fight against the Internet and even use it to their advantage to destabilize competitors. These disinformation operations contribute to the second phenomenon that weakens them: the return of the economic war. It had never completely disappeared, but the cold war relegated it to the background. In the early 1990s, Bill Clinton revived. Thus the CIA, which was created at the beginning of the cold war, is converted into economic intelligence. As a result, US multinationals benefit from unwavering Washington support: information, research grants, government pressure to open foreign markets.

In a war, it is always the other who is the aggressor. In the economic war, it is the other who is accused of protectionism, dumping, industrial espionage, and that is what the US government does for the greater benefit of its multinationals.

Of course the other countries come to the rescue of their own companies, the European nations with timidity, and the big emerging countries much more resolutely. China, mercantilist nation if any, is in the line of fire of all. It is true that it opposes multinational multinationals directly linked to the public authorities. Some are hybrids that we do not know if they are mere extensions of the administration, like Lenovo. Others, like Haier, are thought to be closely linked to the People's Liberation Army.

6. MULTINATIONALS AND NATIONS IN A WORLD OF CONFLICT

Faced with such adversaries, it is understandable that Western multinationals rely on their respective states to protect them. As in the past, they sometimes claim protective measures against too cheap imports. They are worried more and more about industrial espionage, destabilization operations and the takeover by a foreign company that wants to get their hands on their know-how. It will not be surprising that "economic patriotism" is fashionable and that states are expanding the sectors where their authorization is needed before any acquisition. They do it in the name of the national interest, closely correlated with that of their multinationals.

7. CONCLUSION

Of course, things are not so simple. We have to get used to living in a complicated world of conflicts, between openness and closure, where nation-states, big companies, intergovernmental organizations and NGOs are collaborating and competing, not to mention the dark side of globalization that organizations [4]. In this context multinationals are much more fragile than is sometimes thought. Powerful, yes, superpower, certainly not.

References

- [1] According to the formula loaned to American lawyer Samuel Pizar.
- [2] What this comparison teaches is that there are different kinds of nations, the larger ones who retain the means of deciding their destiny, at least partially, and the smaller ones who are dependent on all the forces acting on their territory - multinationals but also international crime or NGOs.
- [3] Christian Harbulot, *L'art de la guerre économique. Surveiller, analyser, protéger, influencer*, VA Press, 2018.
- [4] On globalization, in its various dimensions, see Thomas Friedman, *The World Is Flat*, FSG, 2005 (*The Land is Flat: A Brief History of the 21st Century*, Saint-Simon, 2006), and *Thank You for Being Late*, FSG, 2016 (*Thanks for being late, Surviving in the world of tomorrow*, Saint-Simon, 2017). To follow the evolution of the author's analyzes, see François Lenglet, *The end of globalization*, Fayard, 2013.



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