

BOOK REVIEWS

Global Reach: The Power of the Multinational Corporations. By Richard J. Barnett and Ronald E. Muller. (New York: Simon and Schuster, 1974. pp. 508. \$11.95).

In this volume, the authors—one a political scientist and the other an economist—present an incisive analysis of the multinational corporation. This new form of human organization is rapidly making claims on the future world order as a powerful competitor of the nation-state by the virtue of its planetary enterprise. Various social scientists have only recently become cognizant of this new element in transnational intercourse operating largely beyond the realm of national control while exercising powerful influence on the world economy and, by extension, on political relations among nation-states. It is the possession of superior managerial skills, argue the authors, that the managers of the multinational corporations can conceive of the world as an integrated market place and begin to institute structures for the production of goods and services through modern systemized technology. They remain increasingly oblivious of the national frontiers, all in search of the vast personal profits for the shareholders.

Written in an easy narrative style, the book is perspicuous and illuminating. The authors combine an artful description of the mysteries of the multinational corporations with a pungent analysis of the impact of these business enterprises on countries in which they operate in general, and on international trade and social change in particular. They reveal that many of the economic ills of the present—inflation, unemployment, ecological decay, and even deficits in the balance of payments—are largely the products of the unscrupulous activities of these monstrous organizations. The authors cogently show that the multinational corporations have their economic tentacles around the globe so pervasively that they, in effect, control what people want, will have, and what prices will be paid. The global corporations are not purely economic organizations, but have, for all practical purposes, become private governments. They manipulate political processes and often dominate the conflict of national political life outright. But even more alarming is the cultivation of their own corporate loyalty and the dissemination of corporate ideology which indirectly denigrates national governments as mechanisms for assuring personal welfare, and enhances the image of the multinational corporations as means for obtaining personal satisfaction.

The authors contend, furthermore, that the multinational corporations have been able to secure huge profits, and evade high taxes by moving large amounts of capital across national boundaries made possible through various accounting procedures. Many global firms operate out of tax havens, and are, therefore, beholden to no nation or society; and because of their control of productive technology and finance capital, they shift production from one market to another, leaving behind unemployed workers, depleted resources and ecological destruction. Through restrictive interconnections which essentially amount to powerful producers' cartels the global corporations dominate the world productive system to such an extent that the operation of a competitive market system is virtually destroyed—much to the detriment of the

consumer. This globalization of the means of production and distribution, controlled by a few giant enterprises, has brought about the structural transformation of the world economy, and, the authors appropriately note, is undermining the sovereign power of the nation-state to maintain economic and political stability within its territory. Even the United States, the world's leading industrial country is not immune to the conditions of instability resembling that of Latin America, characterized by inflationary recession, erratic mails, campus disorders, power failures, food shortages and bankrupt railroads.

With the publication of this book, Barnet and Muller have kicked up a hornets nest which some will find fascinating as a study into the interstices of power, while others will be disturbed at the pessimism inherent in this work. In all honesty, however, recent revelations in connection with the Watergate episode have provided painful glimpses into the labyrinthine world of the multinational corporations. Actually this work demonstrates a remarkable ability to discern the essence of a problem amid a plethora of obfuscating minutiae, to articulate it expressively and precisely, and to generalize from disparate occurrences to a wider universe; and all this accompanied by a penchant for, and great skill at, thoroughness and poignant analysis. Through a level headed and balanced discussion the authors sought to bring clarity and order to one of the most controversial issues of our time. They have avoided the temptation to make evaluative judgments at critical junctures; instead, they have let the corporate officials tell the story in their own words.

It may be a bit far-fetched for the authors to advance the argument that under the onslaught of the corporate power the nation-state is rapidly becoming obsolete. This may be a somewhat plausible position but governments—slow, cumbersome, and complicated—do require time before they move against disruptive forces, especially when the sudden emergence of the multinational corporations have caught the world by surprise. It is also questionable if global corporations can win the emotional loyalty and become symbols of attachment for people raised in diverse cultural settings, even if the consumption ideology is extensively articulated. It is also likely that consumers may revolt at the gleamingly packaged standardized products, as it is happening among some segments of the American society, or more overtly in Latin America, where foreign companies are targets of guerrilla attacks.

Moreover, despite general political weakness in developing countries, some governments are effectively challenging the hegemony of the multinational corporations. These governments are capable of organizing their own power base, as the authors correctly note, which the OPEC countries have demonstrated to the world. It seems that the writers' colossal disenchantment with national governments may be partly responsible for their too ready acceptance of the limitations of political systems in combating the excessive power of the multinational corporations.

Generally, in developing their major theme, the authors adopt a measured and cautious stance, producing a profusion of data gleaned painstakingly from such widely diverse sources as corporate reports and congressional hearings to demonstrate the proposition that "global corporations are the

first in history with the organization, technology, money and ideology to make a credible try at managing the world as an integrated unit." (p. 13). They provide ample documentation for many of their major points with research notes towards the end of the book consisting of some eighty-nine pages besides the direct quotes from several corporate officials who are identified throughout the text. As a whole, the book is clearly aimed at the popular audience, and on occasion in dealing with the dilemma posed by the multinational corporations the authors seem almost too harsh in their examination, perhaps even sweeping in their indictment. But there is enough of substance in this volume to warrant serious attention by social scientists interested in understanding social and political ramification of the super-business enterprises on the changing structure of global power. In many ways this work is a timely addition to the growing literature on multinational corporations and, despite some shortcomings, this study will reward the careful reader with a staggering amount of information hitherto unavailable in such a systematic form.

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