





EDITORIAL

Prosperity in crisis

The world economy is still in deep crisis: unemployment remains high, the undeclared trade war between the leading industrialized countries goes on and the debt of "third world" keeps rising, just to mention a few of the most serious problems. But some winners are already emerging from the crisis. Among them are the leading transnational corporations, which are assuming an unprecedented domination and control of the global market. This issue of RMR looks at different aspects of this process by giving some examples of the strategies used by the TNCs and of their planning for the coming decade.

In 1983 the official number of unemployed in the OECD countries reached 35 million. In the US, the "motor" of the capitalist world economy, bankruptcies rose by 40 per cent during the first four months of 1983 compared to the corresponding figure for 1982.

At the same time the leading transnational corporations, both industrial and financial, are strengthening their grip on the world economy. Recent studies, e.g. the report by Frederick Clairmonte (p 6-9 in this issue), have analysed this development, in particular the increasing flexibility of TNCs to shift resources across economic sectors and national boundaries.

A recent article in *Business Week* (83-10-03) strikingly illustrates how this flexibility is affecting the "third world":

"Some economists and government officials believe that this exodus amounts to one of the greatest distortions of global capital flow in history. Thousands of individuals, small businesses, and multinational corporations, they estimate, shipped more than 120 billion USD out of the developing countries from 1975 to 1983 to make investments ranging from Miami condominiums to deposits in numbered Swiss bank accounts. In the last three years alone, a staggering 71 billion USD has been spirited out of seven of the world's biggest debtors, even while those countries' foreign debt ballooned by 102 billion USD."

Mining and the TNCs

A major actor in the emerging transnational economy is *Anglo American Corporation of South Africa*, the world's largest mining TNC. After a major reorganisation in 1981 it is now poised to maximize profits from its transnational network. In a commodity report (p 24-39) H M Thompson elaborates how *De Beers*, a key company in the Anglo American empire, has managed to maintain a monopoly posi-

tion in *the diamond industry*.

In an area report on *South Africa* (p 10-23), Brian Bolton shows how TNCs have penetrated the mining sector in that country, and how they are using their presence and power for political ends by projecting an image of South Africa mineral assets as "unique" and of crucial importance for the survival of "the West".

Examples of the methods used by the TNCs to maximize profits are given in a company report on *Bougainville Copper Ltd* (p 52-58). Looking at the relationship between independent copper concentrate producers and custom smelters he gives important facts on how the corporations influence the "free market" metal prices, on which smelter contracts are based.

To put these facts in a global context the Raw Materials Group has compiled some basic data on *the world copper industry* (p 59-63).

However, the TNCs are not omnipotent. In a special report on *international commodity agreements* Gonzalo Oroza discusses the experiences and potentials of intergovernmental organizations like CIPEC, IBA and ITA to counteract the growing power of TNCs. In his report Oroza stresses political co-operation between producers as a precondition for success.

Research for progress

Several of the reports in this issue of RMR highlights the extreme importance of further studies of ownership and control in the emerging transnational economy. We do in fact believe that such knowledge is necessary to lay the foundations for the political unity stressed by Gonzalo Oroza. Detailed empirical studies of these aspects of TNCs in the natural resources sector will therefore be the major research target for the Raw Materials Group in the coming years. We invite all our readers to join us in this effort, with the contributions to this issue of RMR as good examples of the kind of material that we like to see published and discussed.

The illustration on page four is by José L Liard. He was born in Montevideo, Uruguay, in 1945. Between 1970 and 1977 he worked in Buenos Aires as an illustrator with the *Panorama* magazine, as a decorator at the Colon Opera Theatre and as a designer with the Commune. In 1977 he came to Sweden, where he has made several important public mural paintings. He is also a regular contributor to a number of Scandinavian periodicals.

His address is:
Råbyvägen 12J:31
223 57 Lund
Sweden