



## The new homeless: America's drifting corporations

By Milton Moskowitz

**T**HERE'S NOTHING LIKE YOUR OWN HOMETOWN. No matter where you may end up living, the place where you were born and/or grew up will always have a special meaning for you—and it's that way for many companies too. Ford Motor Company is headquartered in Dearborn, Mich., 10 miles outside Detroit, because that's where Henry Ford was born and grew up. Hershey is located in Pennsylvania Dutch country, 30 miles from Lancaster, because that's where Milton Hershey was born and grew up. And Levi Strauss is

headquartered in San Francisco, not far from the dock where Levi Strauss arrived in 1850.

Of course it's more difficult for conglomerates to have this sense of roots. Being a hodgepodge of different entities, they can have many hometowns. Consider, for example, RJR Nabisco, which recently went private in a \$25 billion leveraged buyout engineered by Kohlberg Kravis Roberts (KKR). **Tobacco roots:** The main engine of RJR Nabisco is R.J. Reynolds Tobacco, the nation's second-largest purveyor of cigarettes. Reynolds has an association that goes

back more than 100 years with the principal tobacco-growing state, North Carolina. In fact, it took two of its major brand names from its headquarters city, Winston-Salem.

Richard Joshua Reynolds, the founder of the company bearing his name, used to foster the legend that he first rode into the twin hamlets of Winston and Salem in the Piedmont region of North Carolina as an illiterate, barefoot farm boy atop a wagon load of his dad's tobacco. To visit Winston-Salem is to be overwhelmed by the tobacco culture that permeates the region. And Reynolds has been a central fixture in that culture throughout this century. The 22-story Reynolds Building that went up in Winston-Salem in 1929 was then the largest building south of Baltimore. It was also the model for the Empire State Building, which went up in New York in 1931. The same architect, William Lamb, designed both structures.

R.J. Reynolds became one of the largest contributors to independent colleges and universities, especially those in the South. In 1956 it was instrumental in having Wake Forest University relocate from Wake County, N.C., to Winston-Salem. During the '60s, when many cities—including Winston-Salem—were racked by riots, Reynolds put up \$1 million to fund the establishment of a Winston-Salem citizens' coalition to improve housing and public transportation.

After research linking smoking to lung cancer was accepted by the U.S. Surgeon General in 1964, Reynolds, flush with profits from cigarettes, diversified into foods, wine and liquor, container shipping and oil exploration. One of the biggest acquisitions, in 1979, was San Francisco's Del Monte. And once it became part of Reynolds, Del Monte was never again to play the role it once did in its hometown. The shots were being called from Winston-Salem.

In 1985 Reynolds—by now called R.J. Reynolds Industries—pulled off its biggest acquisition, absorbing Nabisco Brands, itself the result of a 1981 marriage that united Nabisco (Ritz crackers, Geritol, Oreo cookies, Wheat Thins, Shredded Wheat) with Standard Brands (Planters nuts, Fleischmann's margarine, Blue Bonnet margarine, Royal puddings). The company changed its name to RJR Nabisco—but the headquarters remained in Winston-Salem.

**Corporate weaning:** The unthinkable—to Winston-Salem—happened in 1987 when RJR Nabisco decided to get out from under this tobacco wrap and move the headquarters of the corporation to Atlanta. It made sense, they said, to have RJR Nabisco "assume the role of a holding company, a separate parent company." And of course parents don't live with their children anymore. Besides, in moving to Atlanta, at least they weren't deserting the South.

However, now that RJR Nabisco has become a ward of KKR, taking on a mountain of debt to finance the buyout of the public shareholders, the corporate address is going to change again. Strike Atlanta from the letterhead and substitute New York City or a suburb of New York. The new headquarters will definitely be in the New York area. It's not certain yet how many of the 450 Atlanta headquarters people will be making this move. RJR Nabisco is in a cost-cutting mood—and layoffs are expected.

Hardly anyone moves anymore from Atlanta to New York. But of course this move has a certain amount of logic to it. First of all, the new chairman and chief executive of RJR Nabisco is Louis Gerstner Jr., formerly president of American Express. Gerstner lives in Greenwich, Conn. This way he won't have to pull up stakes and look for a condo in Atlanta. But a more important reason is the highly leveraged position of RJR Nabisco. It has something like \$23 billion of debt on its books—and the pieces of paper representing this debt were bought and sold by New York investment bankers. When you owe so much money, it's a good idea to keep in close touch with the people who lent it to you. Gerstner had a euphemistic way of putting it:

"The objectives of our parent company can best be achieved by maintaining close, ongoing contact with the investment banking community and other New York-based segments of the business community."

So forget about Camel cigarettes and Oreo cookies and Del Monte fruit cocktail and the plant communities where these products are turned out. We're talking about important money here. That's priority No. 1. RJR Nabisco's new hometown, fittingly, is Wall Street.

**Milton Moskowitz** has published widely on business and corporate affairs.

### THE DECLINE OF SOCIALISM IN AMERICA

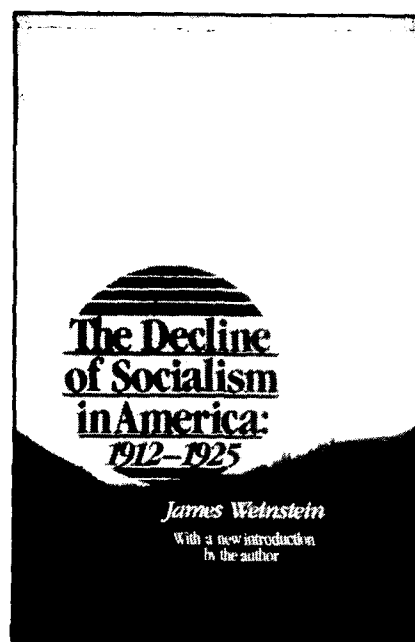
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## Rich law, poor law: who did the abortion decision really hurt?

"On July 2, Americans lost a fundamental liberty," exclaimed the full-page advertisement in the *New York Times* last month, taken out by the National Abortion Rights Action League (NARAL). The text continued, "The Supreme Court's ruling in *Webster vs. Reproductive Health Services* has given politicians the power to intrude in the most personal decision an American can make—whether or not to have an abortion."

This line of argument—reflective of the general response by pro-choice forces to the court's decision—was fine as propaganda but, from the perspective of the average white, upscale *Times* reader, absolute nonsense. As Justice Harry Blackmun wrote in his vigorous dissent, the court decided the case "without making a single, even incremental change in the law of abortion."

Blackmun's gloomy prediction for the future of abortion rights certainly justifies the all-out campaign by women's groups and others to defend these rights. But what the decision underlines is that Americans—at least some Americans—lost the reality of this fundamental right long ago, in 1977.

What does the *Webster* case, decided a month ago by the Supreme Court, do? It allows Missouri (therefore state governments everywhere) to prohibit the use of public hospitals, and other facilities supported by public money, for the performance of "non-therapeutic" abortions—i.e., those not necessary to save the woman's life. It sustains Missouri's right to prohibit public employees from participating in the performance of abortions, and it upholds a Missouri law requiring doctors to perform a battery of tests after 20 weeks to determine whether the fetus could live outside the womb.

Women looking for an abortion after 20 weeks of pregnancy are likely to be young or poor or both—procrastinating out of denial, lack of money and ignorance. An abortion after 20 weeks costs about \$800, on top of which the tests cost another \$250—thus making an abortion an impossibly expensive recourse for the young and the poor.

This was not the first time the court's decision penalized the poor. The crucial decision for many women came 12 years ago.

Back in 1977 the court decided, by a vote of 5 to 3, that states have no constitutional obligation to pay for "non-therapeutic" abortions. Three years later, in *Harris vs. McRae*, it ruled that neither the federal government nor the states were required to pay for medically unnecessary abortions for women on welfare.

In writing his dim and convoluted decision in the *Webster* case, Chief Justice William Rehnquist cited *McRae* as precedent for the latest action upholding the prohibition on Missouri's public hospitals, publicly financed facilities and public employees from performing or assisting in "non-therapeutic" abortions. He furthermore reiterated the court's position from another earlier case that "the due process clauses generally confer no affirmative right to governmental aid, even where such aid may be necessary to secure life, liberty or property interests of which the government itself may not deprive the individual." Questions of prospective threat aside, what the "Reagan" court

has now done is not substantially different from what its predecessors did—protecting the general right to abortion while placing obstacles in the way of the poor who seek to exercise that right.

The women's movement has vowed to create a storm across the country in defense of abortion rights. Pro-choice people who in the past voted their conservative economic interest, never expecting that anything could unhinge *Roe vs. Wade*, are having second thoughts. The cautiously liberal National Organization for Women (NOW) is planning to launch nationwide caravans molded on the civil rights movement's freedom rides, and to hold demonstrations that violate the law. Women who have never attended a protest march in their lives are traveling to distant cities and filling the streets in their own towns.

One hopes that the failures of the late '70s will be remembered: a lot of middle-class women's organizations insufficiently contested the assaults of the court and government on poor women, particularly poor minority women, and did not publicly link as twin assaults on poor women a cutoff of funds for Medicaid abortions with a simultaneous eagerness on the part of the Carter administration to fund Medicaid sterilizations.

Indeed, the not-so-concealed theme of some major figures in NARAL and NOW was that abortion should be legal because the most prolific breeders were welfare mothers from the dangerous classes. Next stop, eugenics. The founding chairman of NARAL was Lawrence Lader, who was also on the board of NOW and of the Association for Voluntary Sterilization. He is the author of *Breeding Ourselves to Death* and has written, "One third of all children on welfare today come from neglected homes, ignored and unwanted by either parent.... Above all, society must grasp the grim relationship between unwanted children and the violent rebellion of minority groups."

The leader of NARAL in New York lobbied against the provisions to protect poor minority women from involuntary steriliza-

tion, and so did Planned Parenthood. NARAL testified that since abortion funding had already been restricted for the poor, it would be cruel to restrict their access to sterilization. The whole history of liberalism over the last 15 years is told in this story.

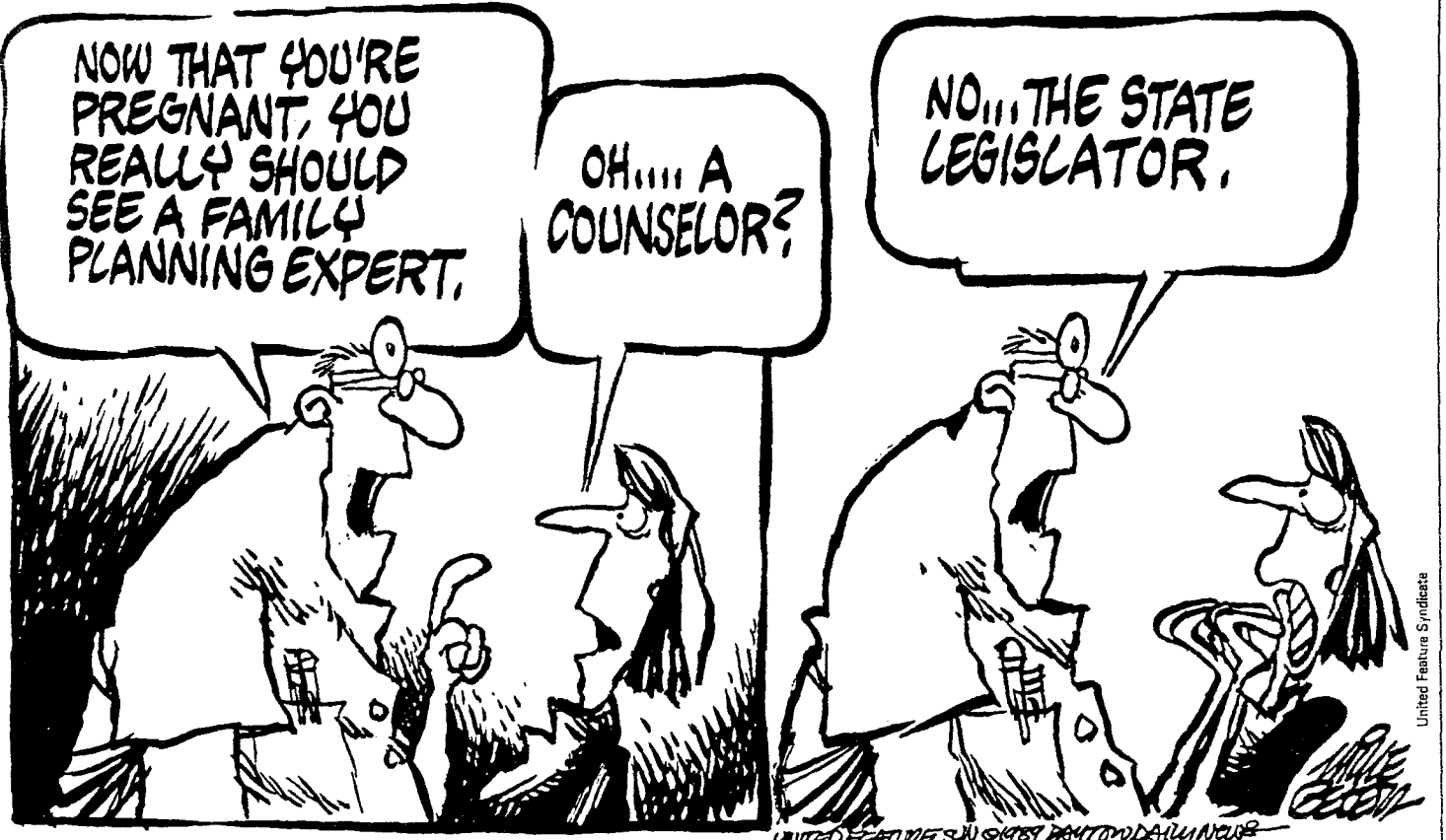
Maybe now pro-choice forces will stop

fighting defensive wars and try to capture ground from the enemy, remembering as they do so that class is a reality in this country as elsewhere, and that successful campaigns make broad alliances and don't just see the issues through the optic of the middle class.

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By Alexander Cockburn



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