

General Electric – Corporate Profile

(With a focus on its subsidiary, GE Capital)

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1. Organizational Profile

A. General Electric

GE is a services, technology and manufacturing company operating in more than 100 countries and employs 313,000 people worldwide. The Company traces its beginnings to Thomas A. Edison, who established Edison Electric Light Company in 1878. In 1892, a merger of Edison General Electric Company and Thomson-Houston Electric Company created General Electric Company. GE is the only company listed in the Dow Jones Industrial Index today that was also included in the original index in 1896. GE ranks as the 5th largest U.S. company in the Fortune 500 and is ranked as the 8th largest in the world. (based on revenues in 2000).

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<http://www.ge.com>

Number of Employees – 313,000

Main Divisions of Work (click on any of the divisions to find out more about them)

(1) [GE Aircraft Engines](#); (2) [GE Appliances](#); (3) [GE Industrial Products and Systems](#); (4) [GE Medical Systems Lunar](#); (5) [GE Plastics](#); (6) [GE Power Systems](#); (7) [GE Technical Products and Services](#); (8) **General Electric Capital Corporation (GE Capital)**; (9) [National Broadcasting Company, Inc.\(NBC\)](#); (10) [OEC Medical Systems, Inc.](#)

B. GE Capital:

The financing arm of General Electric, it was originally an in-house means to finance GE products. GE Capital, through numerous acquisitions and strong internal growth, has evolved into what is essentially a large bank and now accounts for over half of General Electric's profits. Based on revenues in 2000, GE Capital on its own would rank as the 9th largest company in the U.S. and 30th largest in the world. GE Capital is actually a collection of separate businesses, united only by the fact that in every case the raw material they use in the business is money. Examples of areas that GE Capital is involved in include store credit cards, short and long term health insurance, home mortgages, airplane leasing, railroad car leasing, industrial container leasing, consumer lending, commercial lending, large project financing, financial guaranty insurance (for governments on their bonds), electronic commerce,...

With regards to privatization of public services, GE capital is involved in many projects, including the financing of many energy privatization projects. This is mainly done through its subsidiary, the GE Capital Structured Finance Group whose own subsidiaries include the GE Global Energy Group and telecom, industrial, and transportation financing divisions. Besides gaining from the WTO and General Agreement on Trade in Services (GATS) in their own right, GE Capital can properly be seen as a major source of investment capital flowing to other companies that are pushing for an expanded, more powerful WTO, and especially a more powerful GATS. This includes companies involved in energy, water, financial services, transportation services, and health care.

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To get a sense of the vastness of GE Capital, its major subsidiaries are listed below.

[Click here for GE's short "fact sheets" of each unit](#) or click on any of them to go directly to their website

- [GE Capital - Auto Financial Services](#)
- [GE Business Productivity Solutions](#)
- [GE - Card Services](#)
- [Employers Reinsurance Corporation](#)
- [GE European Equipment Finance](#)
- [GE Financial Assurance](#)
- [Financial Guaranty Insurance Company \(FGIC\)](#)
- [GE American Communications \(Americom\)](#)
- [GE Capital Asia Pacific](#)
- [GE Capital Australia & New Zealand](#)
- [GE Capital Aviation Services](#)
- [GE Capital Canada](#)
- [GE Capital Commercial Equipment Financing \(CEF\)](#)
- [GE Capital Commercial Finance](#)
- [GE Capital Fleet Services](#)

- [GE Capital Global Consumer Finance](#)
- [GE Capital IT Solutions](#)
- [GE Capital Japan](#)
- [GE Capital Markets Services](#)
- [GE Capital Modular Space](#)
- [GE Mortgage Insurance](#)
- [GE Capital Rail Services](#)
- [GE Capital Real Estate](#)
- [Structured Finance Group](#)
- [GE Capital Vendor Financial Services](#)
- [GE Equity](#)
- [GE Insurance Holdings](#)
- [GE SeaCo](#)
- [GE Small Business Solutions \(GESBS\)](#)
- [Penske Truck Leasing](#)
- [Transport International Pool \(TIP\)](#)

C. Executive and Salaries in 2000 (salary + bonuses)

Jack Welch , Chair of the Board and Chief Executive Officer	\$16,700,000
(with all additional income such as stock options factored in, Welch made \$164 million)	
Dennis Dammerman - Vice Chair and Executive Officer, Chair GE Capital	5,233,333
Benjamin W. Heineman - Senior VP, General Counsel and Secretary	3,075,000
Jeffrey R. Immelt - President and CEO-Elect	
(he is now CEO, as of September 2001)	3,500,000
Robert C. Wright - Vice Chair of the Board and Executive Officer	4,866,667

2. Economic Profile

A. Financial Data

Financial Data General Electric Company	2000	1999	% Change
Revenue	\$129.42 billion	\$110.80 billion	16.8%
Net Income	\$12.74 billion	\$10.72 billion	18.8%

Earnings per share (year up to September 30th, 2001) 1.37

Financial Data Quarter ending Sept 30, 2001:

Revenue - \$32.014 billion (up from \$29.468 billion in the same quarter in 2000)

Earnings per Share – 0.33 (same as the same quarter in 2000)

Financial Data - GE Capital	2000	1999	% Change

Revenue	\$66.177 billion	\$46.605 billion	42.0%
Net Income	\$5.192 billion	\$4.208 billion	23.4%
Long Term Debt	69.704 billion	59.136 billion	
Equity	\$26.703 billion	22,746 billion	
Long Term Debt to Equity Ratio	2.67	2.60	
Debt to Equity Ratio	6.18	6.96	

GE Capital's L-T and total Debt to Equity ratios are very high, meaning that they borrow vast sums more than they get from stock sales in order to finance their large project lending. In theory, this has potential to be a vulnerability, though the strength of the parent company, keeps GE Capital from any potential difficulties due to high debt. Furthermore, the parent company's credit rating is AAA, so they are able to borrow at a very low rate of interest with little difficulty (which has allowed them to fund higher risk ventures, including finding a niche in high interest loans to people in poor financial situations)

GE Capital has assets of over \$345 billion.

Stock Ticker: – New York Stock Exchange, 1243 – Paris Bourse

[Click here for an updated stock quote](#)

Since 1997, GE Capital has been on a 'globalization binge, especially through aggressive expansion into Europe and the same in Japan:

- Japan - [GE Capital Japan](#) has acquired 13 companies in deals worth almost \$35 billion. GE Capital employs over 16,000 people in Japan (four times as many as in 1995).
- They also were heavily involved in buying up of cheap assets in South Korea, Thailand, and other "Asian Tigers" after the Asian crises in 1997.
- During 2000 and 2001 – GE Capital in India to become the "largest Information Technology-enabled services provider" in India. This means using telecommunications to provide for almost any service, including call services to product development. They have over 10,000 Indian employees, including 6,000 hired during 2000 alone. Sometimes called "back-office" services, and India is sometimes called the "world's back-office" because of its cheap, highly-skilled labour force. This expansion in India is very much in line with GE's outsourcing philosophy.
- Overseas revenues have become around 50% of GE Capital's total revenue.

B. Key Transactions of the Past Few Years for GE Capital – helps to get a sense of the scope and diversity of GE Capital

December 2001 – GE Capital buys [Security Capital](#), a real estate operating firm, whose holdings include [Storage USA, Inc.](#) The deal is worth about \$4 billion.

September 2001 – [GE Capital's Vendor Financial Services](#) becomes the primary equipment financier for Xerox customers in the U.S.

August 2001 – bought [Franchise Finance Corporation of America](#), a main provider of franchise financing in the US, for \$2.1 billion.

July 2001 – bought [Heller Financial](#) for \$5.3 billion US. Heller is in commercial finance, equipment leasing, and real estate finance

July 2001 - Bought AcceptFinans A/S, a Danish consumer lending company, from Gjensidige Nor Sparebank of Norway for 567.6 million Danish Kroner (\$69 million US). AcceptFinans will become a part of GE Capital's Global Consumer Finance Unit.

May 2001 - Global secured a tax-exempt financing proposal through Advest Inc., from GE Capital for US\$3.5 million. Under the terms of the proposal, the City and Borough of Sitka are to provide a General Obligation Guarantee on the required funds, which will be used to complete the loading breasting pier in Sitka. Advest, Inc. is a wholly owned subsidiary of The Advest Group, Inc. (NYSE: ADV). Advest, Inc. is the largest regional broker/dealer based in New England with over 80 branch offices located predominately in the Northeast, Mid-West and Florida.

May 2001 – bought the [European Bank for Reconstruction and Development's \(EBRD\)](#) share packet in the Budapest Bank.

January 2001 – invested in Viventures 2, [Viventures Partners](#) second information technology and telecommunications venture capital fund. Presently, the fund has raised approximately 630 million euros (US \$598.5 million). Viventures 2 is financed one-third by [VivendiNet](#), the Internet arm of [Vivendi Universal](#).

November 1999 – put together (with two Japanese firms as minor partners) a \$2.86 billion fund to finance mergers and acquisitions in Japan, a country seen as ripe for takeovers due to their weak economy and the gradual reversal of the Japanese tradition of closing the doors of their corporations for foreign purchase.

January 1999 – acquired leasing business from Japan Leasing Corporation to serve Japanese customers in commercial equipment and auto leasing.

1996 – purchased major Czech bank Agrobanka

Selected major infrastructure financing transactions done through the [GE Capital Structured Finance Group](#) including infrastructure privatizations:

1. Selected Energy Transactions of the Structured Finance Group

March 2001 – Undisclosed investment in [Trans-Elect, Inc.](#) to co-invest with Trans-Elect as it acquires transmission assets throughout the US.

June 2000 – \$20,000,000 co-investment in [Silicon Energy](#) to fund expansion of sales, marketing and engineering efforts for its leading global Enterprise Energy Management (EEM) software products.

March 2000 – invested (an undisclosed amount) in Enron's ownership interest in the EcoElectrica gas fired terminal in Puerto Rico. The company sells power under contract to PREPA, the Puerto Rico state utility.

August 1999 - [PSG International \(PSG\)](#), a global pipeline development company which is a joint venture between GE Capital Structured Finance Group and Bechtel Enterprises, became co-sponsor (32.5% stake) of the

US\$266 million Mayakan pipeline project which will transport natural gas from Ciudad Pemex to various points along the Yucatan Peninsula in Mexico. It is Mexico's first major privately owned and operated pipeline. The pipeline project was [originally given \\$225 million in financing](#) from the government sponsored and financed [Inter-American Development Bank](#)

August 1999 – bought 15% equity in the South Glens Falls power plant in upstate New York. The power plant sells its electrical output to the deregulated New York grid. This was a \$1,060,000 investment

June 1999 – secured a loan to [Capex](#) gas and power company in Neugen, Argentina. \$40,000,000 loan

March 1999 – Entered a partnership with [Enron Wind Power](#) in the Lake Benton Wind Power Project in Southern Minnesota. A \$48,000,000 investment.

February 1999 - [PSG International](#) signed an agreement with the government of Turkmenistan to lead the development of the [\\$2.5 billion TransCaspian pipeline project](#). PSG was to lead the project to develop, finance, build, operate and maintain a major TransCaspian gas pipeline from Turkmenistan to Turkey via the Caspian Sea, Azerbaijan and Georgia. Then, in 2000, [PSG withdrew its support](#) of the project.

December 1998 – Global Power Investments, L.P. (GPI) announced its recent purchase of a 26% indirect equity interest in the Quezon Power Project located in Mauban, Quezon Province, Philippines. GPI is a private fund with capital commitments of US\$580 million, which invests in electric power projects, including generation, fuel processing and transmission systems in emerging markets. It was formed in 1994 by affiliates of GE Capital Structured Finance Group; an affiliate of Soros Fund Management; and International Finance Corporation (IFC), a member of the World Bank Group.

October 1998 - Senegal – GE Capital built a [56 megawatt power station for Senelec](#), the state electricity company, which has since been privatized by Vivendi. \$65 million in financing, the largest single U.S. investment in Senegal.

May 1996 - Samalayuca II – co-arranged debt and equity financing for [Samalayuca II](#), the first large, privately funded power project in Mexico. The consortium includes GE Power Systems (a division of the Structured finance group) [El Paso Energy Corporation](#), EMICA of Mexico, and [International Generating Company](#). GE Capital put forth \$53,000,000 in equity financing. Much of the debt financing came from [loans from the Inter-American Development Bank](#), as well as the [US Export-Import Bank](#).

1996 – present. Dhabol Power Plant in India - 10% equity investment in phase 1 and 10% project financing in phase 2 this very controversial power project which is majority controlled by Enron Corporation. \$126,700,000 in total financing. The Overseas Private Investment Corporation (OPIC) also provided U.S. \$60 million in project finance loans. The Japanese Export Credit Agency (ECA) arranged an export credit loan of U.S. \$433 million. See Polaris' Enron Corporation corporate profile for further details.

2. Other Structured Finance Group Transactions

May 2001 – provided a portion of the financing for EON Communications, a new broadband communications company, to build a state-of-the-art digital broadband communications network in South West Scotland and North West England, the largest remaining unbuilt service area in the UK.

April 2001 – provided \$388 million in financing to NTL Incorporated, the United Kingdom's leading broadband

TV, telephony and internet company. the financing will be used reduce credit commitments and to finance construction, capital expenditure, working capital requirements and for general corporate purposes.

April 2000 - Made a \$10 million equity investment in California-based TelePacific Communications, the leading business-to-business telecommunications and Internet Service Provider (ISP) in the Western U.S. A former California Governor is a Board Member of TelePacific Communications.

September 1999 - Randall & Dewey, Inc. (R&D) and GE Capital Structured Finance Group (SFG) announced the formation of Randall and Dewey Capital Solutions, L.P., a limited partnership that establishes a new merchant banking function at R&D. “enables us to invest new capital along with and on behalf of our clients. The new endeavor complements our energy advisory business and provides our clients with solutions for meeting their oil and gas transaction needs.”

September 1999 - that SFG has agreed to make a \$200 million strategic investment in Crown Castle International Corp. Crown Castle is a provider of communication sites and wireless network services and provides infrastructure and network support services to the wireless communications and radio and television broadcasting industries in the US and UK. Crown Castle International owns, operates and manages over 7,000 wireless communication towers internationally.

June 1999 - FirstCom Corporation (FirstCom) announced that GE Capital Structured Finance Group made a \$10 million private equity investment in the form of FirstCom convertible preferred stock. FirstCom Corporation is rapidly emerging as a premium provider of broadband integrated Internet/data, voice and video telecommunication services to business customers in Peru, Chile and Colombia.

September 1998 - CANAL +, the French based media group, announced today that Exante, a company representing a group of investors including GE’s Structured Finance Group, will purchase a 37 percent stake in Numé cable, CANAL+’s cable operation in France. Canal+ has since been purchased by French water, energy, and communications conglomerate Vivendi.

3. Political Profile

A. Coalitions and Committees, especially those with direct GATS connections/implications:

- **Member of the US Coalition of Service Industries (USCSI)** the key group pushing services privatization and liberalization through the General Agreement on Trade in Services (GATS) at the World Trade Organization (WTO). www.uscsi.org
- **Member of US-Trade**, the group pushing most ardently for Presidential Trade Promotion Authority (Fast Track), allowing the President to negotiate trade agreements without input or changes from Congress. Congress votes on trade bills in a simple yes or no fashion www.us-trade.org GE was a signee of a July 23rd, 2001 US-Trade letter to various Congresspersons calling for Fast Track.
- **Member of the United States Council for International Business (USCIB)** www.uscib.org - key US business group pushing for the GATS, the FTAA and other trade agreements. “An active membership base of over 300 multinational companies, law firms and business associations. Provides unparalleled access to international policy makers and regulatory authorities.” See the USCIB position on GATS www.uscib.org/statgats.html

- q USCIB Executive Committee includes Frank Doyle (until 2002), a former executive VP at GE, and R. Michael Gadbow, VP and Senior Counsel for International Law and Policy at GE. Frank Doyle is also one of the USCIB's Vice-Chairs
- q USCIB Board of Trustees includes Benjamin W. Heineman, Jr., Senior VP, General Counsel and Secretary, GE
- q The Chair of the Customs and Trade Facilitation Committee (promotes 'global convergence' and 'modernization' of customs practices) is Selig S. Merber, Counsel, International Trade Regulation and Sourcing, GE
- q The Chair of the Working Group on Investment and Environment is Joan Mantel, VP Environmental, GE Capital
- q The Vice-Chair of the Committee on Intellectual Property is Ronald E. Myrick, General Patent Counsel, GE

B. Connections to the Political Power Elite in the U.S.

1. Campaign Contributions

Total Political Donations during the 1999-2000 election cycle: \$1,280,725 (42% to Democrats, 58% to the Republicans. Of this, \$880,050 was from Political Action Committee donations and 400,075 was from 'soft money' donations. (www.opensecrets.org)

Top contributions in House of Representatives and Senate:

Rep. John Sweeney (R) received \$7,000 from GE. Sweeney is the top opponent in the House of the Environmental Protection Agency's call for GE to pay to dredge the Hudson River (see below) the other top recipients are all from New York, where the EPA case is centered. This includes Senator Hillary Clinton (D) \$9,100, Senate candidate Rick Lazio (R) \$9,000, and Rep. Charles Rangel (D) \$7,000

The key committee for a Trade Promotion Authority decision is the House Ways and Means Committee and GE gave handsomely to the top members of the committee. Philip Crane (R), who created the TPA bill that is being put forth to Congress currently and is also chair of the Ways and Means subcommittee on Trade, received \$4000, while Ways and Means chair Bill Thomas (R) received \$2,000.

GE Capital's share of GE political donations amounted to \$83,600, all of which went to Republican candidates. (See www.opensecrets.org)

2. Political Connections and Appointments

- Two days after the 2000 U.S. election was decided, George Bush held a summit of business leaders with GE CEO Jack Welch in attendance. Welch sat beside Bush's chief economic advisor.
- As the takeover of Honeywell was beginning to be in jeopardy, Welch called Bush's chief of staff to discuss it. President Bush himself made a statement of his disappointment that it was being held up in European anti-trust
- Francis S. Blake, the Bush Administration's deputy Secretary of Energy, used to be the senior VP of corporate business development at GE. (<http://www.essential.org/monitor/mm2001/01may/may01bushcc.html>)
- Secretary of Transport in the Bush administration Norman Minetta, when he was chair of the house transportation committee, was a top recipient of campaign funds from GE (<http://www.essential.org/monitor/mm2001/01may/may01bushcc.html>)
- Colin Powell, Secretary of State, Bush Administration, had a speaking engagement at GE Power. Powell's

speaking engagements usually netted him around \$60,000.

(<http://www.essential.org/monitor/mm2001/01may/may01bushcc.html>)

- Jack Welch was a signee of a September 1998 letter to Newt Gingrich asking for action on the then possible international financial crisis, with one action request being congressional efforts to renew the President's Trade Promotion Authority (fast track)

4. Social Profile (mostly, though not exclusively, consists of information regarding General Electric as a whole, rather than GE Capital specifically)

A. GE's Belief in "management by stress"

(taken from "You Don't Know Jack" Multinational Monitor July/August 2001

<http://www.essential.org/monitor/mm2001/01july-august/julyaug01editorial.html>)

This is a useful summary of the findings explained more explicitly throughout the Social profile below.

- Stressing workers with fear of job loss to improve productivity
- Use global production system to cut costs through layoffs, outsourcing, subcontracting, moving to lower wage and non-union environments
- Stressing suppliers to move to low wage countries to supply GE there
- Stressing communities through threatening plant closings to get tax breaks
- Stressing regulatory system of legalities on environmental pollution, tax avoidance, defense contractor fraud and anti-competitive actions – as well as using political muscle to get what it wants.

B. Environmental Problems

PCB Cleanup in the Hudson River

- In Dec 2000, after 16 years of study, the U.S. Environmental Protection Agency (EPA) announced a 5-year plan to selectively dredge 2.65 million cubic yards of PCB contaminated sediment which GE had filled the river with until the early 1970s. The EPA would charge GE \$460 million for the cleanup. GE is fighting back with a mega public relations campaign as GE says the river should be cleaned but not through dredging. They want an anti-dredging. The key reason for this fight back from GE goes beyond this case, it is GE's fear that this case will be a litmus test for the Bush Administration's management of EPA 'superfund' cleanup sites, 77 of which GE is responsible for.
- GE officials have said that the answer is a pump and treat system to reduce the flow of PCBs from the bedrock below its Hudson Falls facility, without reducing the PCBs in the river. Opponents counter that the PCBs still get out and enter the food chain. EPA officials say each day the company delays the sediment cleanup only allows the contamination to spread further downstream. GE CEO Jack Welch has even stated that "we don't believe there are any significant health effects from PCBs.
- GE legal, political and public relations program has been extremely large: "The most visible part of the campaign have been the millions of dollars GE has spent on television commercials (at least 16 separate ads have been produced for the company), a half-hour infomercial (for upstate networks), radio ads, full-page newspaper ads, billboards, bus signs, newsletters and web sites. The heaviest advertising blitz came just before the April 17 deadline for public comments expired." Politically, GE has hired 17 lobbyists to work on the "contaminated sediments/natural resources damage issue, including 6 ex-members of Congress, such as ex-Senate Majority George Mitchell of Maine and former Congressperson and House Appropriations Committee Chair Bob Livingston. It has been estimated that GE has spent over \$60 million

on the campaign.

(For further information, please see the July/August 2001 issue of the Multinational Monitor which is completely dedicated to GE and its misdeeds, and has been a major source of information for this profile <http://www.essential.org/monitor/mm2001/01july-august/julyaug01toc.html>)

Selected other Toxic Sites and Environmental Problems

- **Pittsfield, Massachusetts** – massive PCB pollution where GE was ordered in 1999 to clean it up for \$250 million
- **Waterford, New York** – 1998 – paid \$92,000 for 23 violations of environmental reporting requirements for toxic releases at its silicone plant between 1991-1996.
- **Wilmington, N.C.** – fined \$20,000 in 1992 by the Nuclear Regulatory Commission for violations of regulations at their fuel fabrication plant after 320 pounds of uranium was improperly transferred due to lax safety controls
- **Public Citizen Disclosed that GE designed nuclear reactors have a design flaw** that make it 90% certain that if there were a meltdown, radiation would be released directly into the environment.
- **#1 superfund polluter nationwide** - named by the U.S. Public Interest Research Groups (U.S. PIRGs) as the with superfund sites in on 77 sites in 28 states.

(for an extensive list of GE violations since 1990 called “The GE Rap Sheet”, see the article “GE: Decades of Misdeeds and Wrongdoing in the Multinational Monitor’s July/August 2001 issue <http://www.essential.org/monitor/mm2001/01july-august/julyaug01corp4.html>)

C. Labor Concerns

- **GE Pension Fund** - GE has been criticized extensively for its unfairness to GE pensioners. With 485,000 people on the GE pension plan, GE has set up a system where the company decides when to increase pension checks (pensions have decreased in real \$ to a point where \$350 in 1981 is worth \$318 in 2001) and GE has quit contributing to the pension plan though it requires its employees to contribute. Managed through General Electric Asset Management (GEAM), GE has reaped huge gains by reporting pension income as corporate profit, thus inflating company management bonuses tied to profit by as much as 9%. GE and GEAM and GE Capital have overlapping stock holdings, which has raised questions of whether or not pensioners money is being used to fund other areas of the GE conglomerate. The GE Retiree Justice Fund has been working to reform its pension system. (Multinational Monitor July/August 2001)
- **Workplace Safety** – the Occupational Safety and Health Administration (OSHA) cited GE for 858 violations between 1990-2001, including at least 98 ‘serious violations’ defined as “a substantial probability that death or physical harm could result. www.osha.gov
- **Number of Jobs cut** by GE and “Neutron Jack” Welch – conservative estimate 100,000 (GE had 400,000 employees in 1981 and now has 300,000). Including those “jettisoned” from businesses GE sold or shut down, the figure is probably closer to 500,000. (From an interview with GE critic Thomas O’Boyle “Any Cost is too high”, Multinational Monitor July/August 2001)
- **Job Transfer** – The ratio of U.S. GE Employees to non-U.S. based GE employees in 1990 was 4:1, in 2001 it was 1.15:1. As an example, the International union of Electronic, Electrical, Salaried, Machine and Furniture Workers (IUE) had 46,000 members working for GE in 1985, now they have 15,000 – 16,000. Of the 30,000 jobs lost, 2/3 went to low wage countries. 10% of GE’s workforce is now in Mexico, it has 10,00 workers in China and 15,000 in India. GE is also forcing suppliers to move with them, in order to cut down on supplier costs. In one example of this, GE threatened Hungarian workers wanting more than \$2/hour

with moving to India.

(Inter Press article taken from Corp Watch, “USA: Trade Unionists from 20 Countries Challenge General Electric’s Globalization”, Jim Lobe <http://www.corpwatch.org/news/PND.jsp?articleid=221>)

“GE is the quintessential American corporation that has engaged in what has been referred to as the “race to the bottom” — finding the lowest wages, the lowest benefit levels and most intolerant working conditions... The bottom line is, with the active encouragement and backing of our national government through NAFTA and other incentives, it’s been easy for GE to move jobs out of the United States.” (IUE President Ed Fire in Multinational Monitor July/August 2001)

There has been a sharp increase in subcontracting at GE, as it gives GE more opportunity to dominate production and pressure the contractors to reduce costs or lose GE as a customer. For example, GE Capital employs 800 Indians—many with college degrees who earn \$3,000 to \$5,000 a year—to process mortgage applications and answer telephone queries near Dehli; employees also call US card holders and remind them to pay their bills. (Migration News, December 1999)

- **Constant Speed-Up** – Welch calls GE’s speed-up process “squeezing the juice out of the lemon” as there is “always more to be squeezed out – the lemon never runs dry.” From a strictly economic calculus, it often works, as in the case of the Erie, PA locomotive plant where in the 1980s they were putting out 350 locomotives/year with 7,500 hourly workers and by 2000 they were putting out 911 with only 4000 hourly workers. Multinational
- **International Union Organizing to Counter GE** - Unionists from around the world got together in April 2000, to coordinate efforts to deal with the aggressive global strategy of GE. Plans to fight for respect for labor rights including the right to organize and collective bargaining, both of which are often disregarded in southern countries. (Multinational Monitor July/August 2001)

D. Corporate Welfare, Anti-Competitive Practices

- **Tax Abatement** – “master at reducing its federal income tax obligations” through tax breaks and subsidies from local and state governments (even in cases where it slashed employment) as well as through arrangements where GE stands in as the owner of assets for businesses which can’t use their tax breaks. In total, GE received corporate welfare worth \$25,400,000 for just the years 1990-1994, a time where they laid off 80,000. (from the Philadelphia Enquirer) “There is no starker example of the phenomenon of corporate welfare and vanishing jobs than General Electric Co.” (November 1998, Time Magazine)
 - New York City** – To keep GE-owned NBC in the city, GE received “a 35-year property tax cut worth an estimated \$72 million, \$800 million in partly-tax exempt financing, a partial rent tax cut and a waiver on city sales taxes on at least \$1.1 billion worth of machinery and equipment the network planned to buy.
 - Mount Vernon, Indiana** – GE Plastics plant expansion received a tax abatement of \$1.3 million in 1988.
 - Louisville, Kentucky** – GE Appliance Park, where unionized employment has reduced by almost 6,000 between 1984 and 1999, received state subsidies of \$1 million in 1988 for a customer service center, and in 1993 received an estimated \$19 million in tax breaks, \$1 million in incentives and \$80 million in contract concessions from the union.
 - Other tax abatements and subsidies have included:** Lowndes County, Alabama; Melbourne, Florida; Fort Wayne, Indiana; Springfield, Illinois; Ravenna Ohio; Evendale, Ohio; Bloomington, Indiana; Jeffersonville, Indiana; Bangor, Maine; Philadelphia, Pennsylvania; Grand Prairie, Texas. (For a more complete but by no means exhaustive list of GE subsidies and tax breaks, see

Multinational Monitor, July/August 2001 “Decades of Misdeeds and Wrongdoing”
<http://www.essential.org/monitor/mm2001/01july-august/julyaug01corp4.html>. The above tax abatement examples are included in there)

- **Anti-Competitive Practices**

Honeywell Deal – the attempted and failed takeover of Honeywell by GE was squelched by the anti-trust administration of the European Union in July 2001. The merged company would have had extraordinary business domination in aviation (as much as 90% ownership), in both jet engines and in avionics instrumentation.

- **Media Control through NBC** – numerous stories about GE have been changed since GE took over NBC in 1986, including a 1989 incident where a reporter at NBC completed a story on defective bolts used by GE in planes, bridges and nuclear power plants. He sent it to NBC’s Today show and all references to GE were removed before it aired.

Others included a boycott segment on the Today show which was, in part, going to talk about the biggest boycott in the country at the time, a GE boycott due to its profiteering over nuclear weapons. Producers wanted no mention of GE on the segment, and they got it. One of them told Todd Putnam, the host of the show that if he mentioned the show on Monday, he’ll be “looking for a new job on Tuesday.”

There are many issues that are rarely mentioned or reported on favorably in GE’s interest on NBC, which can fairly be said to be at least in part due to GE’s influence. These include corporate welfare (NBC gets its broadcast license free), sweatshops, taxes, trade, military spending, the environment (including the PCB cleanup in the Hudson River), etc...

In the fall of 2001, despite all of the potential questions that a balanced, investigative media would have, the Today Show will do a two day feature with GE CEO Welch to promote his memoirs and celebrate his retirement as one of the U.S.’s greatest CEOs.

(The above from: Unfair Access: An Interview with Jeff Cohen, Multinational Monitor, July/August 2001
<http://www.essential.org/monitor/mm2001/01july-august/julyaug01interviewcohen.html>)

E. GE in Communities

- **Destroyed RCA (except NBC) in its takeover**, as thousands lost their jobs, or had their wages, benefits slashed.
- **Constantly fighting for decreased public school taxes and property taxes.** For example, General Electric is seeking a two-thirds reduction in the assessed value of a big appliance plant in Louisville, Ky., where school officials estimate that the resulting loss of tax revenue would be enough to pay the annual salaries of as many as 10 teachers. (“School Non Performance Can be Traced to Business Non Support”, Wall Street Journal, July 18th, 2001)
- **Accused of trying to derail a book** critical of GE as they contacted writer Thomas O’Boyle and implied the threat of legal action (Multinational Monitor, July/August 2001)
 - **GE Plastics frat boy mentality under Jack Welch** in the early 1970s (Welch headed GE Plastics then). “Extravagance was a way of life at GE Plastics,” reports former Wall Street Journal Reporter Thomas O’Boyle, who wrote a hard-hitting expose titled At Any Cost: Jack Welch, General Electric and the Pursuit of Profit. “Like Welch’s Phi Sigma Kappa college fraternity, which threw the wildest parties at the University of Massachusetts, Jack’s boys at Plastics were a wild fraternity.” According to O’Boyle, one attractive woman who interviewed for a job at GE Plastics in 1973 recalls being asked: “Would you f--- a customer for a million-dollar order?” The woman walked out of the interview. “Trashing hotels was considered being one of the boys, so was playing demolition derby with rental cars,” O’Boyle reports. “At the annual meeting one year in Montreal, the German sales contingent heaved a grand piano out the hotel window (fortunately, it was on the ground floor.)”

(From: “Meet Neutron Jack Welch”, Rob Weissman and Russell Mokhiber, December 2nd, 1998
<http://lists.essential.org/1998/corp-focus/msg00048.html>)

F. GE Capital’s Anti-Social Practices in East Asia

“The Great Global Asset Swindle”

In 1998, after the Asian Crisis had pushed the value of companies and assets in the former ‘Asian Tiger’ countries (Thailand, South Korea, Malaysia, Taiwan, Indonesia) to rock bottom levels, and the International Monetary Fund (IMF) forced these companies to open up their economies and abolish restrictions on foreign ownership as stipulations of their multi-billion dollar bailout, foreign companies came in and bought up hordes of businesses for incredibly low prices. American University economist Robin Hahnel has called this “[maybe] the greatest global asset swindle of all time” and GE Capital has been a major player in the buy up. For example GE, has increased its stake in Thailand through three major investments in financing and credit card companies, including all of GS Capital (auto financing) and 49% of Asian Finance Public Company (Consumer Financing). In Korea, GE Capital has been one of the companies that bought up many of the Korean government run Korean Asset Management Corporation’s (KAMCO) insolvent debts for half prices.

For more information, see: <http://www.hartford-hwp.com/archives/50/046.html> and <http://www.hartford-hwp.com/archives/50/039.html>

Quotations

Fred Higgs, head of the International Chemical Workers (ICEM), at a meeting of GE trade unionists who gathered to deal with GE’s aggressive globalization strategy: “Anyone who has studied GE knows they are past masters at playing off workers in one country against another...This is a starting point to bringing that to a stop.” <http://www.igc.org/trac/headlines/2000/92.html>

Douglas Meyer, research director for the International Union of Electronic Workers (IUE), on the challenges facing members who work for GE: “The problem is there are no obstacles to the [various GE] companies moving around...Our interest with workers (in developing countries) is how we prevent globalization pressures from forcing all wages down to the lowest possible level...It is the continuous mobility (of GE) that is a threat to all workers” <http://www.igc.org/trac/headlines/2000/92.html>

GE in a 1999 report; a line company officials including Jack Welch have repeated since: “There is no credible evidence that PCBs cause cancer” **David Carpenter of the**

Albany School of Public Health: “It’s noteworthy that [a] GE-funded study is the only one of the major occupational PCB exposure studies that did not find some statistically significant elevation of incidence of cancer...Every international group of experts that has been asked to look at the issue has concluded that they [PCBs] are proven to cause cancer in animals and are probable carcinogens in humans.” Carpenter adds that there can be no absolute proof that PCBs (or any other chemical for that matter) cause cancer in humans because there’s no way to control for other exposures. “There’s just no doubt that PCBs are carcinogenic in the mind of any independent scientist,” Carpenter says. “It’s only people with close ties to industries that have conflicts of interest that would make such preposterous claims. It’s very akin to the smoking, cancer and tobacco industry story. To have a corporation like General Electric deny that animal research, including research done by their own laboratories proving PCBs cause cancer in rats, is relevant to whether PCBs cause cancer in humans is ludicrous. Our whole system of study of disease is based on animal research.” **Testifying in Albany, NY on**

July 9, 1998, EPA Administrator Carol Browner stated: “GE tells us this contamination is not a problem. GE would have people of the Hudson River believe, and I quote: ‘living in a PCB-laden area is not dangerous.’ But the science tells us the opposite is true ... And concern about PCBs goes beyond cancer ... The science has spoken: PCBs are a serious threat...” <http://www.essential.org/monitor/mm2001/01july-august/julyaug01corp1.html>

81-year-old Helen Quirini who lives in Schenectady, New York where she worked for GE for 39 years, on GE’s Pension Fund unfairness: “It’s a tragedy and it’s unjust [reflecting on her typical \$736 per month pension check from General Electric]...People that retired a long time ago are really being discriminated against.” “We were the ones who helped to develop the refrigerator and the radio...[But] “while we [employees] are nice people and keep working hard, [GE management is] out all the time trying to figure out how to screw us” with “accounting gimmicks.” <http://www.essential.org/monitor/mm2001/01july-august/julyaug01corp3.html>

Ed Fire is the President of IUE-CWA, the International Union of Electronic, Electrical, Salaried, Machine and Furniture Workers — Communications Workers of America: GE tolerates the union because legally they have to. But in terms of looking at the union as any kind of constructive, positive, or even necessary force within their company, they do not. Jack Welch has told me to my face that he doesn’t think the company needs unions, that they treat the employees well enough. The fact that they resist union organization doesn’t help our bargaining position. <http://www.essential.org/monitor/mm2001/01july-august/julyaug01interviewfire.html>

More from Ed Fire: “What I criticize GE institutionally about is that I don’t think they have given enough consideration to the consequences, particularly the human consequences, of the decisions they make. In my opinion, the decisions are designed too much to increase the company’s profitability at the expense of the employees. For example, in 1997 we signed the new national agreement at the end of June. Six months later, two of their executives came down to Washington from Connecticut and informed the chairman of our GE bargaining committee and me that that they were closing three more plants, not because those plants were unprofitable, but because they felt that by consolidating operations it would lead to greater profits in the businesses where the plants were located.” <http://www.essential.org/monitor/mm2001/01july-august/julyaug01interviewfire.html>

Thomas F. O’Boyle, the author of At Any Cost: Jack Welch, General Electric and the Pursuit of Profit, on how it came about that half of GE’s profits come from GE Capital: “GE Capital (once called GE Credit) is a very high-margin business. They have profit margins that are in the 20 to 25 percent range as opposed to some of GE’s traditional manufacturing, which had a much lower profit margin. They have few or no unions. They have fewer capital requirements. They’re tied to the global marketplace in terms of capital being a worldwide commodity, and I think they fit very much in the Welch strategy of wanting to advance that business for strategic reasons.” (Multinational Monitor, July/August 2001)

Gary Wendt, Chairman & CEO, G.E. Capital, on Japan as possibly the best investment opportunity that GE Capital has ever had: “Well, because in tough times is when we find opportunities—more and more opportunities. For instance, in Japan. People think that’s a tough-time economy today. For us, it’s the best opportunity we’ve seen, maybe in history. And those situations exist. So, people that continue to look for new things to do aren’t going to have a problem. If you’re doing the same thing you always have, and people want less of it, it’s obvious you’re not going to do so well.” **Michael Neal, GE Capital President and Chief Operating Officer, on Japan’s poor economy being perfect for investors:** “Japan is a remarkable opportunity. Lenders, he said, can charge 27 percent interest on consumer loans but borrow at zero percent. Furthermore, the default rate on loans is lower than in many other countries, he said. In addition, the sluggish Japanese economy has depressed asset values, making commercial investment more attractive than ever.” (GE Capital sees earnings Up 15% in 2001, Reuters Business Report, May 14th, 2001) and The Nightly Business Report Transcript <http://www.sixsigmaqualtec.com/News/wendt.htm>

GE Capital Information Technology Solutions CEO Jim Mohn, on the closing of 35 of 70 branches: “It means we are getting out of some of the infrastructure in those cities [where closures take place] and going to some virtual office concepts...Our intention was not to do this for the elimination of positions. We were looking for the elimination of some bricks and mortar and overhead where we can maintain our customer service. There is no question there will be some people replaced. Any displacements will be replaced with total business growth.”

General Electric CEO Jack Welch: “Every business should be attempting to outsource every job unless management can justify keeping it in-house.” (Multinational Monitor, July/August 2001)

Pramod Bhasin, President of GE Capital India, on GE Capital’s outsourcing to India: “At GE we’re at the stage where we believe all back-office operations should be carried out in low-cost countries...We don’t see why in India we shouldn’t go from 10,000 (employees to 15,000 to 20,000” (“GE Capital shows India's IT-enabled service might” Robin Elsham, Reuters, December 4th, 2001 http://biz.yahoo.com/rf/011204/bom94182_4.html