

# British Empire buys the U.S.A.

by Scott Thompson

Contrary to the widespread propaganda portraying Japan as the unfair exotic assailant of the American economy, it is the British Empire that has, for at least the last ten years, been buying out more U.S. companies than any country. Moreover, in the last two years, the British Empire has replaced Japan as America's number one creditor.

The British Empire, and particularly Canada, invested considerably more than did Japan in mergers and acquisitions in 1989, 1993, and 1994. In 1989, the British Empire surpassed Japanese levels of investment, despite a \$7 billion Japanese investment in Hollywood movie studios. Japan's investment would have been only half that of the British Empire in 1990, except for a \$10.5 billion Japanese investment in the service sector operations of Hollywood movie studios. In 1993, British Empire investments were four times those of Japan; and in 1994, British Empire investments were six times those of Japan, whose investments were equaled by Canada alone, according to the U.S. Department of Commerce's publication *Foreign Direct Investment in the United States*.

The British Empire has not simply surpassed Japanese investment in many years in mining (raw materials extraction) and financial services, as one might expect. But, British Empire mergers and acquisitions have exceeded Japanese ones in several years, in such sectors as manufacturing, telecommunications, and infrastructure, according to Commerce Department statistics. The British Empire surpassed Japanese investment in the U.S. manufacturing sector by three times in

1989, three times in 1993, and two times in 1994.

In the Department of Commerce infrastructure category—transportation, communication, and utilities—the British Empire frequently surpassed Japan, especially in telecommunications. For example, in 1990, British telecommunications invested \$1.5 billion for acquisition of 20% share of McCaw Cellular Communications Inc. Again in 1994, the privatized firm of British telecommunications made a \$4.3 billion investment, for a 20% share of MCI.

Large investments have also been made by the British Empire in the printing and publishing industry. For example, the largest foreign investment in this area was the acquisition of The New York *Daily News* for \$150 million by the Mirror Group Newspapers Ltd of London, controlled by Robert Maxwell and his family. In 1993, the Bronfman family of Canada, through Seagram Ltd, acquired Time Warner for \$1.5 billion. The Toronto, Canada-based Hollinger Corp. of Conrad Black, which owns The Telegraph Corp. PLC and the *Jerusalem Post*, has purchased hundreds of smaller weeklies and dailies in the United States, including the *Chicago Sun-Times*. The sun never sets on the British publishing empire in America.

One example of a major British Empire takeover of U.S. manufacturing was in 1993, when Hanson PLC acquired Quantum Chemical Corp. for \$3.2 billion. In the same year, Royal Dutch Shell Group made multibillion-dollar deals in the related petrochemical industry in the United States, as it also did in 1994.

**Table 1** shows that whatever relative dollar amounts were invested in the United States, the British Empire always surpassed Japan and all other countries in the number of companies obtained by merger and acquisition. **Figure 1** compares the British Empire—especially the United Kingdom and Canada—with Japan in eight sectors of economic activity from 1992 through 1994. The last graph gives the totals of the British Empire versus Japan for 1989 through 1994, in terms of total dollar investment by year.

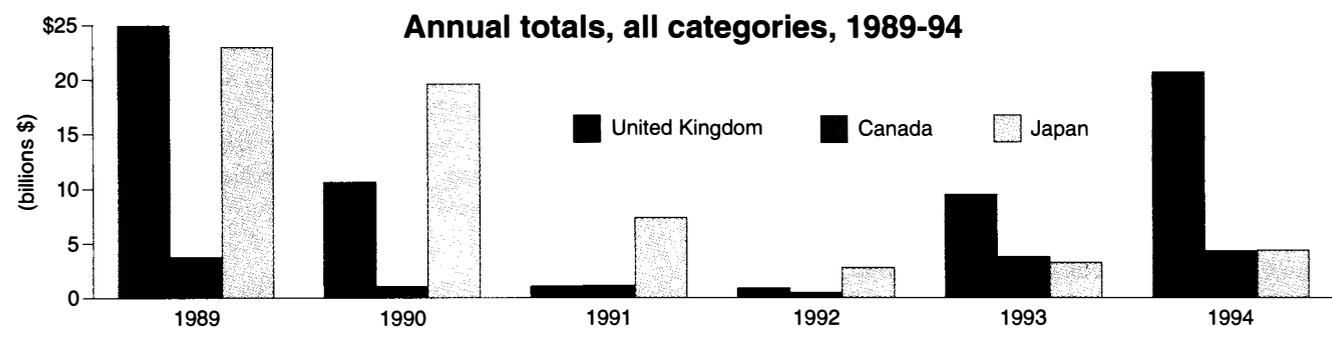
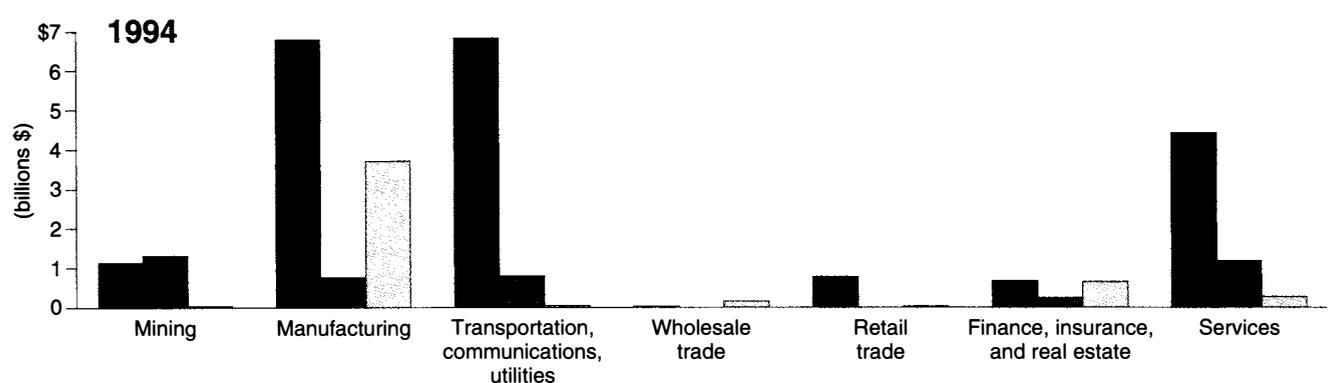
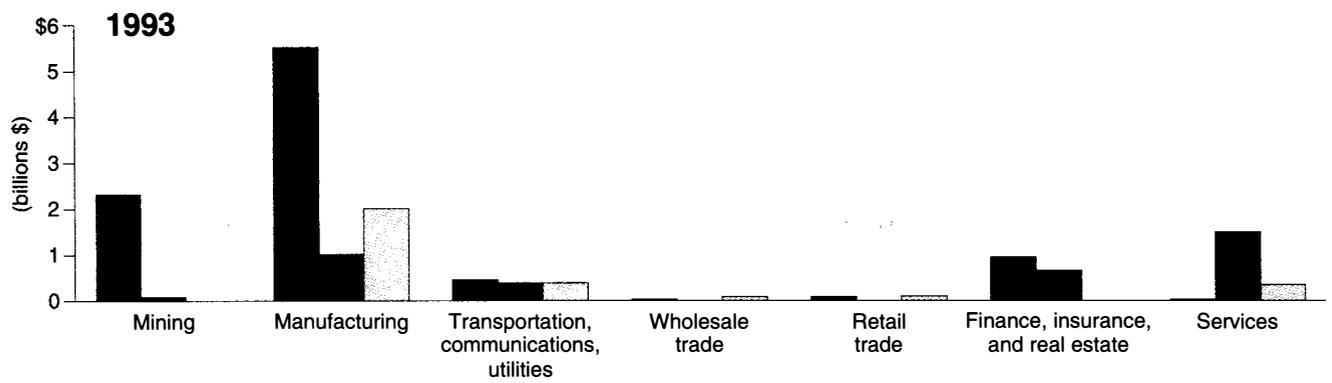
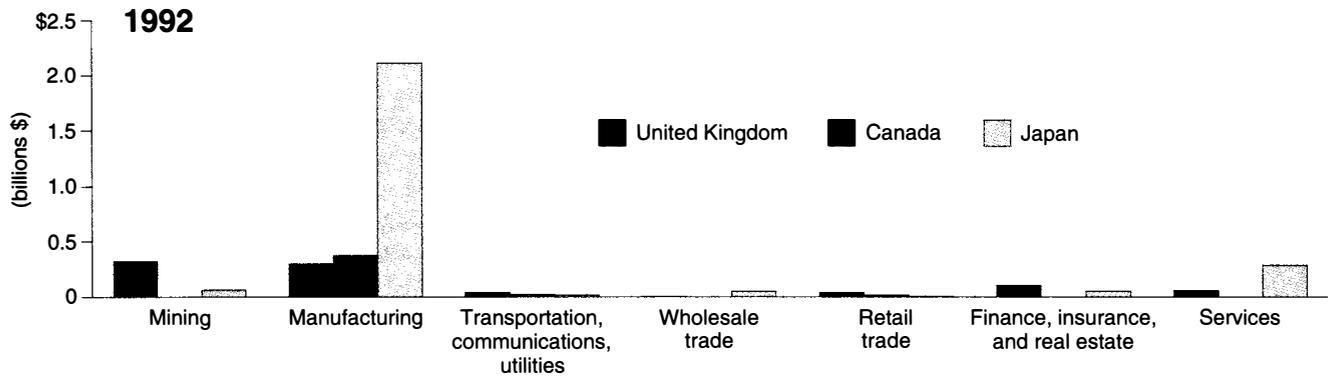
TABLE 1  
**Acquisitions of U.S. companies, by nationality of buyer**  
(billions \$)

Year	Britain		Canada		British Empire total*		Japan	
	Number	\$ value	Number	\$ value	Number	\$ value	Number	\$ value
1988	188	\$23.6	46	\$9.7	258	\$33.3	45	\$11.9
1989	158	23.7	76	2.8	234	26.6	81	9.4
1990	141	9.7	61	1.7	220	12.9	85	6.5
1991	58	1.2	30	0.9	103	3.2	35	8.6
1992	80	1.5	68	0.6	166	3.5	34	3.3
1993	89	9.9	67	2.3	170	12.9	18	0.9

\* British Empire is total of Britain, Canada, Hongkong, Australia, and/or New Zealand (not all years include all these countries).

Source: *Mergers & Acquisitions* (quarterly periodical).

**FIGURE 1**  
**British, Canadian, and Japanese foreign investment compared**



Source: U.S. Department of Commerce, *Foreign Direct Investment in the United States*.