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ABSTRACT

This is the fourth unit to the 12th-grade second-semester "Comparing Political Experiences" course which focuses on specific controversial political issues. The unit analyzes the concept of political development by examining the Cummins Engine Company and employee job security during the company's growth into a multinational corporation. Using the documentary approach, the unit is divided into five student activities provided form a participant's eye view. The first activity presents information about the history of the engine company as a political system. Activity 2 introduces the concept of political development and the related ideas of mobilization and planning. It explains how the Cummins Company changed from a primarily elite-type structure to a primarily bureaucratic structure. In activity 3, students learn about the concept of penetration through a role-play exercise and then apply the concept to the expansion of the company into Mexico and India. Activity 4 focuses on the concept of interdependence through an examination of how the company has become interdependent with Mexico. Finally, activity 5 requires students to predict alternative futures for the company under different economic conditions. Each activity contains necessary student materials and discussion questions. (Author/DE)

EXPERIMENTAL
EDITION

COMPARING POLITICAL EXPERIENCES

POLITICAL ISSUES

Jobs and Engines

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These experimental curriculum materials are part of a high school course, Comparing Political Experiences. The materials constitute one unit of one semester, Political Issues. The course is being developed by the High School Political Science Curriculum Project, which is one of the projects sponsored by the American Political Science Association's Committee on Pre-Collegiate Education. Development of these materials was supported in whole or in part by the National Science Foundation. Any opinions, findings, conclusions, or recommendations expressed herein do not necessarily reflect the view of the National Science Foundation or the copyright holder. These materials cannot be duplicated, reproduced or used in any manner without specific written approval of the High School Political Science Curriculum project.

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Many members of the High School Political Science Curriculum Project have contributed to the development of this unit.

Judith Gillespie, Howard Mehlinger and John Patrick co-direct the project. The Political Systems materials are being developed principally by Judith Gillespie and John Patrick. The Political Issues materials are being developed principally by Judith Gillespie and Stuart Lazarus. Howard Mehlinger and Stuart Lazarus co-direct the Comparing Political Experiences Diffusion Project. Toby Bonwit serves as a curriculum writer and editor for the project. Dave Lambert co-ordinates the formative evaluation and the work on the validation study. All instruments and analysis work to measure student achievement are being carried out by National Evaluation Systems, Amherst, Massachusetts. Martin Sampson administers and coordinates pilot school activities. Judith Gillespie and Stuart Lazarus are directly responsible for the materials developed in this unit.

Several instructional developers and artists have made important contributions to this unit. We would like to offer acknowledgements to each of them for their contributions:

Toby Bonwit:	Case material on Atzlan High School.
Martin Heltai:	Audio-tape production - "The People Who Work Here"
Joel Pett:	Maps in Activity 2 and 4, Drawing in Activity 4.
Martin Sampson:	Activity 4: Who Controls My Job? Case materials on Darlington, DINA, and Kirloskar in Activity 3.

The extensive writing done by Martin Sampson in Activity 3 and 4 are appreciated. His creative reflections contributed a great

deal to the instructional material presented here. Each of the people mentioned on the previous page continue to provide a creative and important intellectual stimulus for our work.

We also wish to acknowledge the sponsorhip of the American Political Science Assoication's Committee on Pre-Collegiate Education. Throughout the life of the project, the Committee members have provided important support and input into the project. The committee members are: Richard Snyder, Chairman, Ohio State University; Lee Anderson, Northwestern University; Laurily Epstein, Washington University; Leslie McLemore, Jackson State College; Howard Mehlinger, Indiana University; Jewel Prestage, Southern University; Judith Torney, University of Illinois, Circle Campus; Harmon Zeigler, University of Oregon. Since March, 1972 the project has also received continuous support with funds provided by the National Science Foundation. Without this funding we could not undertake such an experimental program, nor could we support extensive field tests of the materials.

This unit is based on interview material gathered at Cummins Engine Company headquarters in Columbus, Indiana. Additional interviews and data collection occurred on a research trip to Cummins Mexicana, Mexico City. The Social Development Center funded this research trip. Other interviews and materials were gathered at Kirloskar-Cummins in Poona, India. This work was done by Professor Lee Ehman.

We are grateful for the assistance, advice and support provided by the Educational Resources Center in Delhi and the Center for International Programs and Comparative Studies, New York State Department of Education. ERC provided the working base, logistical support, and professional help that enabled us to create the materials on India found throughout the text.

This unit could not have been written were it not for the cooperation and aid of Cummins Engine Company. While it would be impossible to mention all those who helped us, Mr. J.D. McConnell, Manager-Financial Relations, coordinated all of our activities with Cummins. He arranged most of our interviews in Columbus and scheduled visits to other Cummins sites. His aid in data collection, and review of final drafts of this document is greatly appreciated. We are also grateful to Evan Bridgewater, Secretary-Treasurer of the Diesel Workers Union for his aid in arranging interviews with union members.

Unless otherwise indicated, all information on Cummins finances and personnel is adapted from the Cummins Fact Book of April 1975. With the exception of pictures of DINA and Kirloskar, all pictures were provided by Cummins Engine Company.

We have also been demonstrably aided in our efforts to develop and test materials by ideas, critiques and site evaluations from our local field consultants. The field consultant network began as an effort to join university-based political scientists and social studies educators with each of the pilot schools. The success of the network has far exceeded our original expectations. The consultants have worked with the pilot schools and critiqued

materials. Eight people are also engaged in providing case materials on schools to aid in the development of instructional units. The consultants are listed below. The asterisks refer to those individuals who are engaged in gathering case materials:

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Special thanks is extened to the pilot teachers who are testing these materials this year. Past evaluations from many of the teachers and students have produced many insights into the strength and feasibility of our ideas. This unit is a far different piece than was originally conceived because of their advice in its developmental stages.

Teachers testing Political Issues materials for the 1975-76 school year are listed below:

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All of these people have demonstrably influenced the way this unit has been developed. However, the responsibility for the ideas and approaches taken in the materials should not be attributed to the APSA Pre-Collegiate Committee, the National Science Foundation, the consultants or the pilot teachers. Although their contributions continue to be invaluable, responsibility for the ideas presented here rests with the authors.

Judith Gillespie
Stuart Lazarus

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ACTIVITY ONE: THE PEOPLE WHO WORK HERE

On February 3, 1919 in Columbus, Indiana, a small group of men founded Cummins Engine Company. Clessie Cummins, one of these men, wanted to build the new diesel engine, invented only thirty years earlier in Europe. Neither Cummins, nor W.G. Irwin, the man who put up the money to open the business, could predict the future of the company. When it opened, it employed fewer than 40 people and made engines which few Americans considered useful.

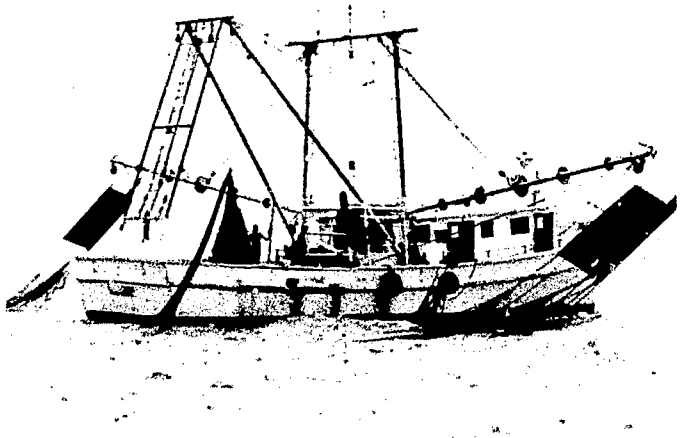
Between 1920 and 1936, the company did not make a penny of profit. It remained in business largely due to the money supplied by the Irwin family. However, as diesel engines proved especially useful in heavy duty trucks, demand for them began to increase. As a result, Cummins grew rapidly in size and strength. In the Columbus, Indiana area Cummins employs 9,000 people. Today, Cummins engines power more of the heavy duty trucks (above 26,000 lb) than any other engine manufacturer in this country. Every U.S. truck manufacturer including Ford, General Motors, White, Mack, and International Harvester offers Cummins engines.

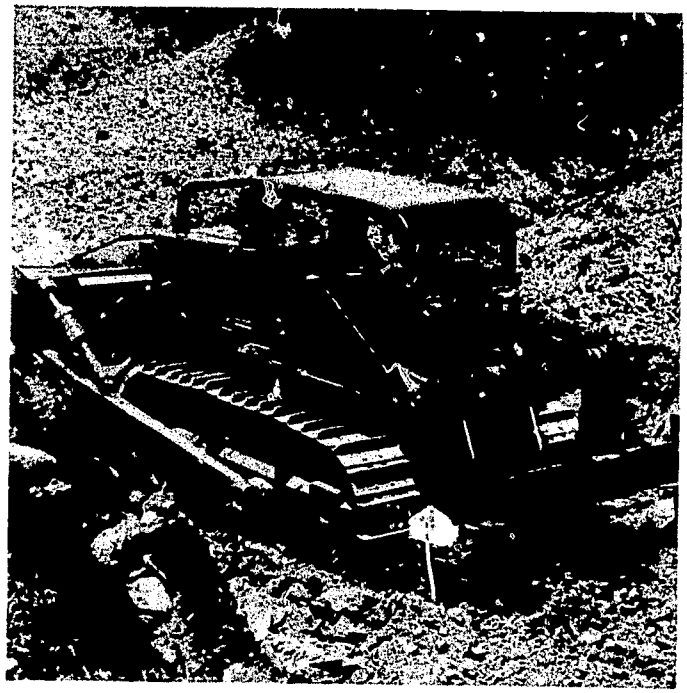
In 1956, the company's engine operation in the United Kingdom was opened in Scotland. This company makes engines for sale in the United Kirgdom, Europe, the U.S. and Canada. Today the company's United Kingdom operation has three other manufacturing plants in that country. These plants employ about 4,000 people. In addition to these British firms, Cummins has partner companies throughout the world. Over 1,000 people build Cummins engines at Kirloskar-Cummins Limited in Poona, India. Komatsu Manufacturing Company

Limited makes Cummins engines in Japan. It employs over 2,000 people. Cummins Diesel Australia in Melborne employs over 100 people. Diesel Nactional of Mexico assembles Cummins engines in that country and employs over 2,000 Mexicans. Almost all of the trucks in Mexico are powered by Cummins engines. CAEMI Cummins Motors makes Cummins engines in Brazil and employs 500 people.

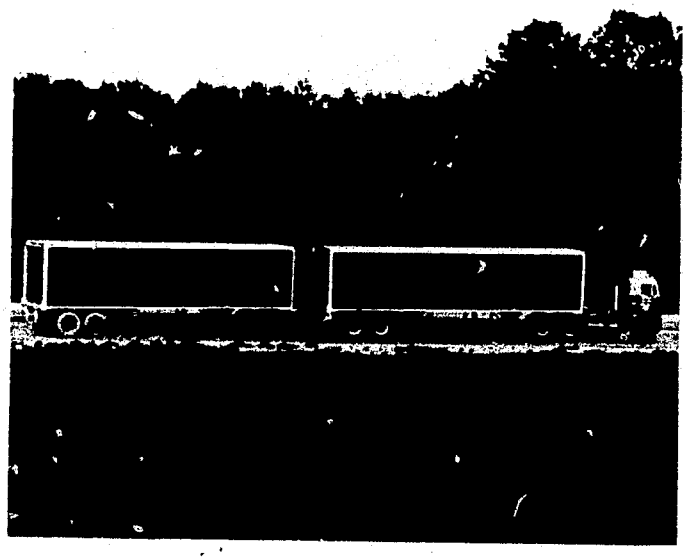
In addition to their principal use in heavy duty trucks, Cummins engines power cranes and earth movers used for construction, tractors used for farming, boats used for fishing and shipping, various machines used in mining, as well as electric generators. In fact, at Kirloskar Cummins, Cummins engines generate electricity for the plant.

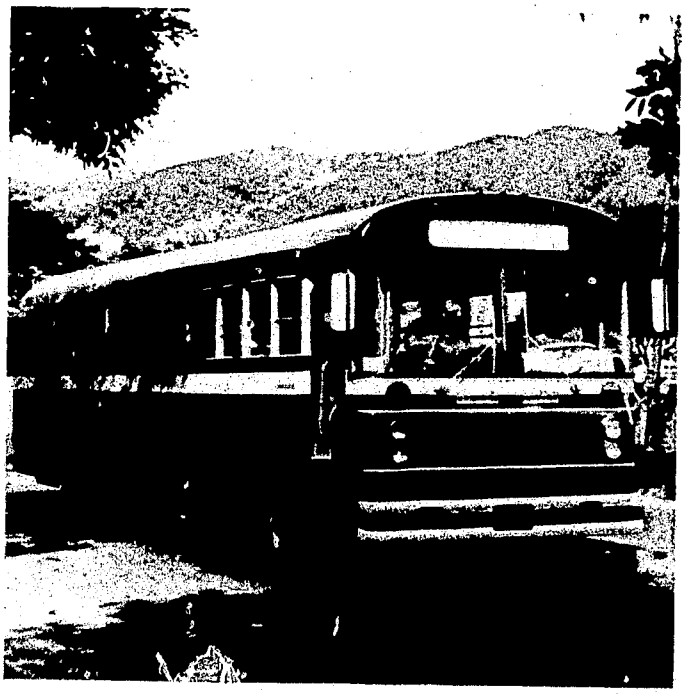
Cummins Engine Company owns a variety of other business from a ski manufacturer, to an automobile airconditioning manufacturer. Cummins owns a small portion of a Swiss bank and is a partner in a beef cattle feeding operation in Ireland. Through its engine business and related interests, Cummins employs about 20,000 people throughout the world. In 1974, Cummins sold $832,977,000 (eight hundred thirty-two million dollars) worth of its products. While Cummins keeps its headquarters and main plants in the United States, its activities affect nations throughout the world. Because they influence the affairs of many nations, some people have labeled companies of this type multi-national corporations.

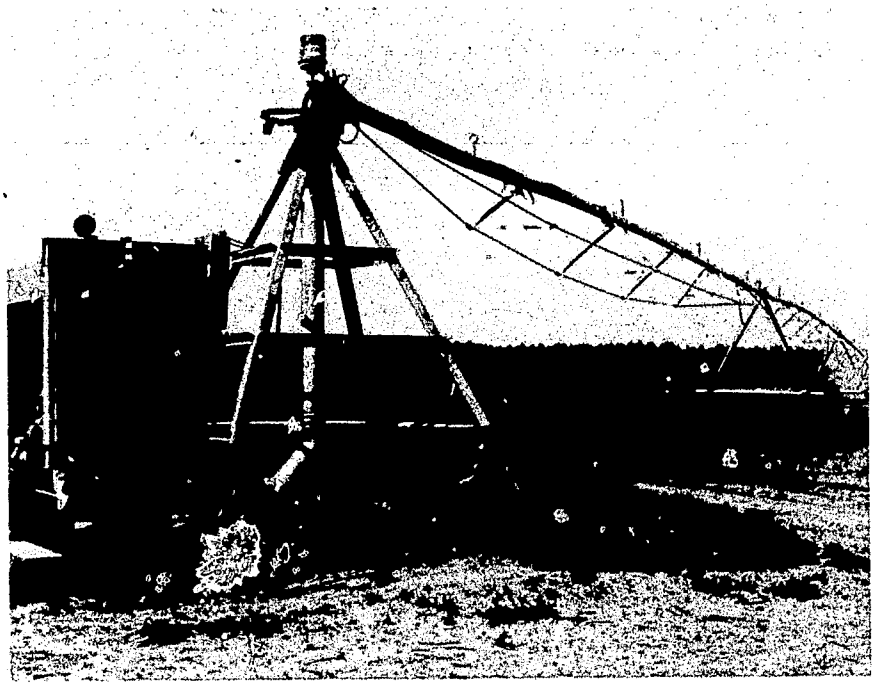




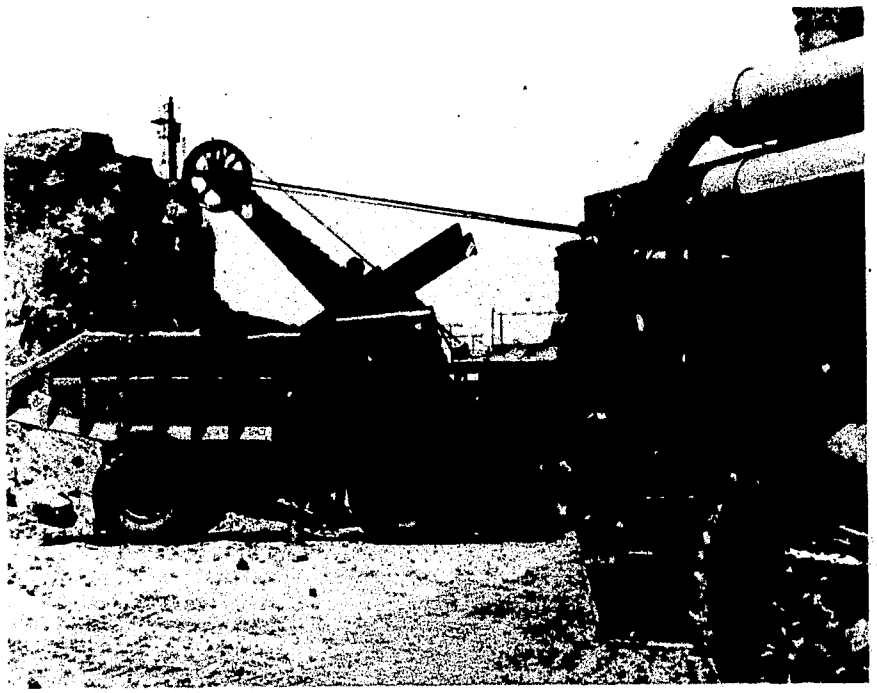
DIESEL ENGINES POWER THESE MACHINES







AND THESE



One way to judge the size of a multi-national corporation is by the number of people it employs. Another way would refer to the amount of profits it makes; still another way involves the total value of the products it sells. By these standards Cummins is a relatively small multi-national corporation. Yet, even the growth of this "small" corporation has been impressive.

The graphs and tables below depict the growth of Cummins Engine Company.

Year	Sales $	Profits $
1920	8,000	0
1921	121,000	0
1922	13,000	0
1923	24,000	0
1924	71,000	0
1925	27,000	0
1926	136,000	0
1927	144,000	0
1928	300,000	0
1929	439,000	0
1930	197,000	0
1931	149,000	0
1932	151,000	0
1933	286,000	0
1934	609,000	0
1935	952,000	0
1936	1,932,000	0
1937	3,136,000	76,000
1938	3,359,000	118,000
1939	4,893,000	202,000
1940	6,836,000	350,000
1941	10,948,000	518,000
1942	17,662,000	783,000
1943	24,501,000	848,000
1944	26,411,000	920,000
1945	22,840,000	703,000

In 1945, how much were the profits at Cummins compared to the sales?

_____

How much did Cummins make in sales in 1974?

_____

How much did Cummins make in profit in 1974?

_____

Look at the table below:

Year	Total number of heavy duty trucks made in US	% with Cummins Engines
1956	81,280	16.1
1957	71,192	17.2
1958	58,143	23.9
1959	81,496	23.2
1960	67,216	27.4
1961	58,837	26.3
1962	75,389	30.5
1963	86,704	31.2
1964	89,862	32.5
1965	112,084	31.2
1966	131,089	30.8
1967	112,045	27.2
1968	128,448	29.9
1969	148,086	30.9
1970	136,806	30.6
1971	144,124	31.6
1972	180,038	26.9
1973	204,490	30.3
1974	203,211	32.3

During what year did Cummins engines power the largest percentage of trucks?

_____

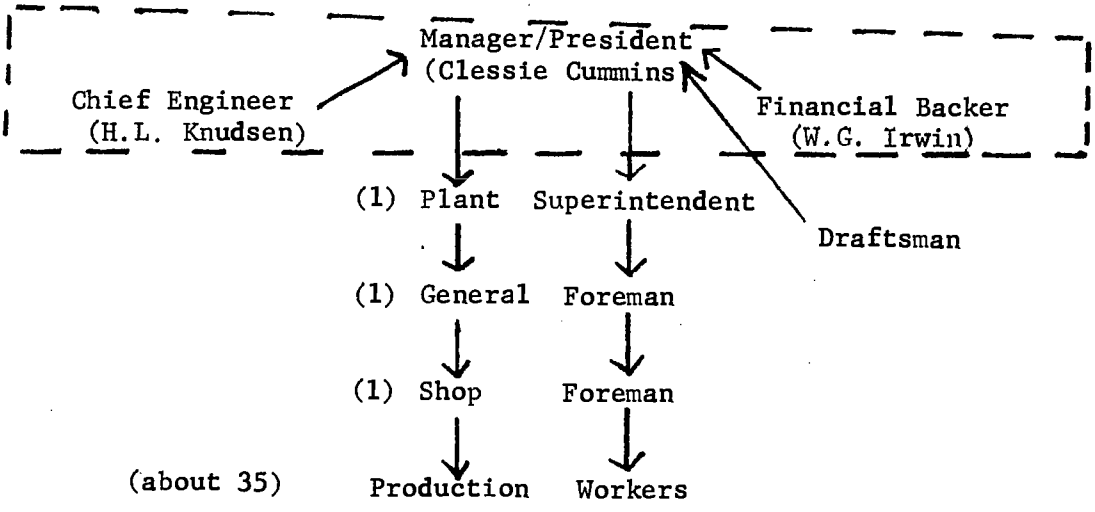
What does the table indicate about the growth of Cummins between 1956 and 1973?

_____

_____

_____

Cummins Engine Company has grown rapidly and has made a great deal of money. Due to this growth, however, many changes occurred at Cummins. For example, in the early years, all major decisions were made by three men - Clessie Cummins, H.L. Knudsen, the chief engineer, and W.G. Irwin, the man who supplied the money. These men decided all matters of engine production and employment. Their decisions were passed directly to the plant superintendent and from the superintendent directly to the foremen and the production workers. The diagram below shows the relationship between these men.



You could look at the business as a political system. Fill in the blanks below to determine the distribution of political resources in the Cummins system shown in the diagram.

Those with most status are _____

_____.

Those with most material wealth are _____

_____.

Those with most ideas are _____

_____.

Those with most organizational skills are _____

_____.

After you have completed the sentences about political resources at Cummins, fill in the blanks below to determine the distribution of political activities.

Those who make most decisions are _____

_____.

Cummunication at Cummins flows from _____

_____ to _____.

Those who lead groups at the company are _____

_____.

Because the company was so small with such strong and powerful leadership, the political activities and resources were distributed very unevenly. For better or for worse, Cummins, Knudsen, and Irwin held all the political resources, and controlled the political activities in the company. Cummins was an elite political system -

> a political unit in which most political resources are shared by a few people and most political activities are carried out by a small group.

As Cummins grew, it changed drastically. Today the company runs much differently than in 1919. This unit focuses on the changes which Cummins has experienced as a result of its growth. It will not only focus on changes in number of employees, or increase in profits. It will also try to explain why decisions are made differently today than they were in 1919; it will try to answer the question of why communication in the company today is different than it was in 1919; it will focus on why the company can no longer be run by three people as it was in 1919.

The following audio tape called "The People Who Work Here" describes Cummins from the viewpoint of people who make the engines. The tape is divided into three sections. The first section contains one man's description of the early years at Cummins. The second section contains workers' descriptions of life at Cummins today. The third section presents the opinions of the workers and their managers concerning the growth of the company. After each section is played, answer the questions which follow it. The picutres in the text should provide you with more information about Cummins Engine Company.

Section I: The Early Years

I started working at Cummins in 1928 in the fuel pump department. I worked three days without even a time card. Each person was more or less on his own. If he couldn't do the job, there was someone else available.

To get a job then was nothing like today. Usually men would line up outside the factory and wait. The plant superintendent would come by every once in a while, and if he needed workers, he'd just take the first ones in line.

Another way to get hired was to belong to Miss Sweeney's (W.G. Irwin's neice) Young Men's Bible Class at the First Christian Church. She taught the class, mostly for young men just out of high school or in school athletics. She would send one or two once in a while to Clessie Cummins or the plant superintendent for a job. I know a number of people who got jobs that way.

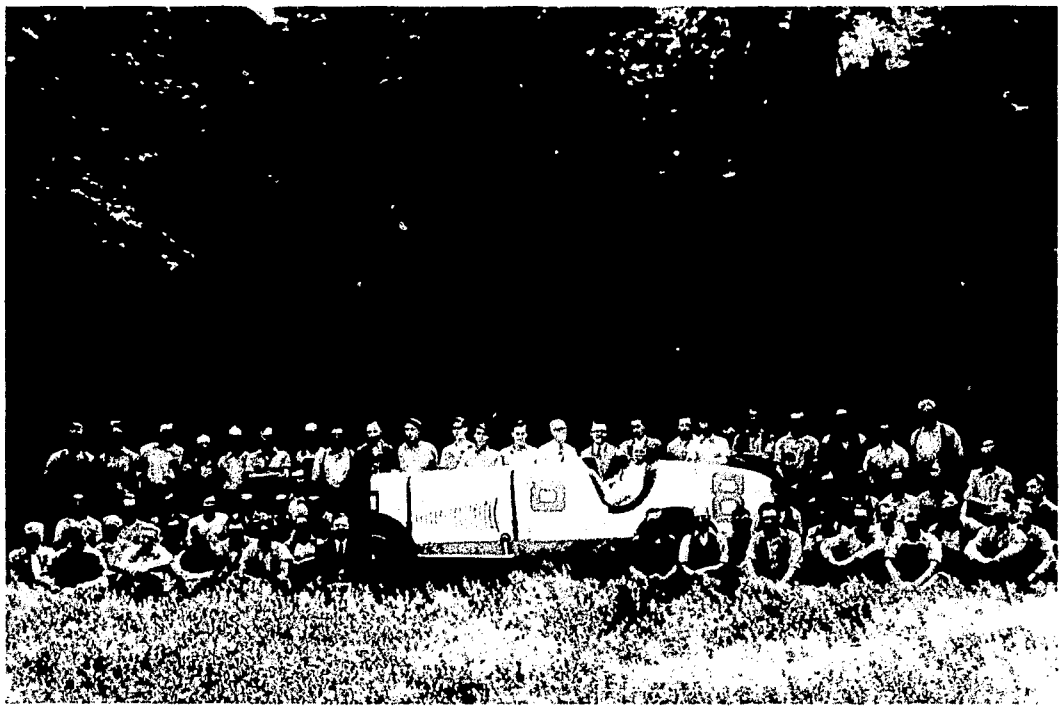
Forty-seven years ago, in 1928 there were around 60 people employed here. Then in the depression years of the early 30's, we had a layoff and the work force went down to about 45.

When I began working my starting salary was twenty-five cents an hour. I was fortunate to get that much. At that time people were working on farms for $1.00 a day.

The first year I worked at Cummins I received three 2½¢ raises. Back in those days, to get a raise you had to stop the superintendent and ask for one. That's the only way we got raises then. If he said no, that was it.

We had very little machinery - a milling machine, external grinder, radial drills, lathes - but nothing like today's modern equipment. In those days, we had to fit everything by hand. Sometimes, to make things fit right, we had to grind pieces, and we did quite a bit of filing and reaming; very much done by hand. Back in the old days we didn't know what an automatic machine was. Everything was manually operated.

We had some very bad times. I remember one time we worked for six months when not one engine went out the door. W.G. Irwin told Clessie Cummins to go ahead and build engines anyway.



The entire staff of Cummins Engine Company in 1931

Now back in those days we didn't have a research department. We did all our experimental work in the factory. Mr. Cummins was the most important man at the company. He had us build engines, put them on test, and run them 'til they quit. Then we tore them down to find out what failed and repaired them. They figured that by using that method, when the business looked up again, we would have good engines to go on the market. It worked and it allowed many of us to keep our jobs.

Of course it was a smaller company years ago, more of a "family" than now. Many times the managers would come into the shop and see us.

I knew Clessie Cummins real well. He, Mr. Irwin, and H.L. Knudsen made most all the decisions in the early years. Clessie was all business in the shop. We used to hide all the lead hammers and files when he came around so he wouldn't know that we were making up for machining mistakes. But some parts wouldn't fit any other way.

I helped with the fuel systems on a lot of his experimental stuff like the bus driven cross-country with a Cummins engine; the Auburn car and the first truck driven cross-country with a Cummins engine. In fact, when the cab off the old truck was sitting there useless in the back lot, I asked for it, and they let me take it home. I made a chicken house out of it and used it for quite a few years.

The last time that I could say I knew everybody at Cummins was around 1945.

Discussion Questions

1. How did people get jobs at Cummins in 1928?

2. Who were the most important people at Cummins in 1928? Why?

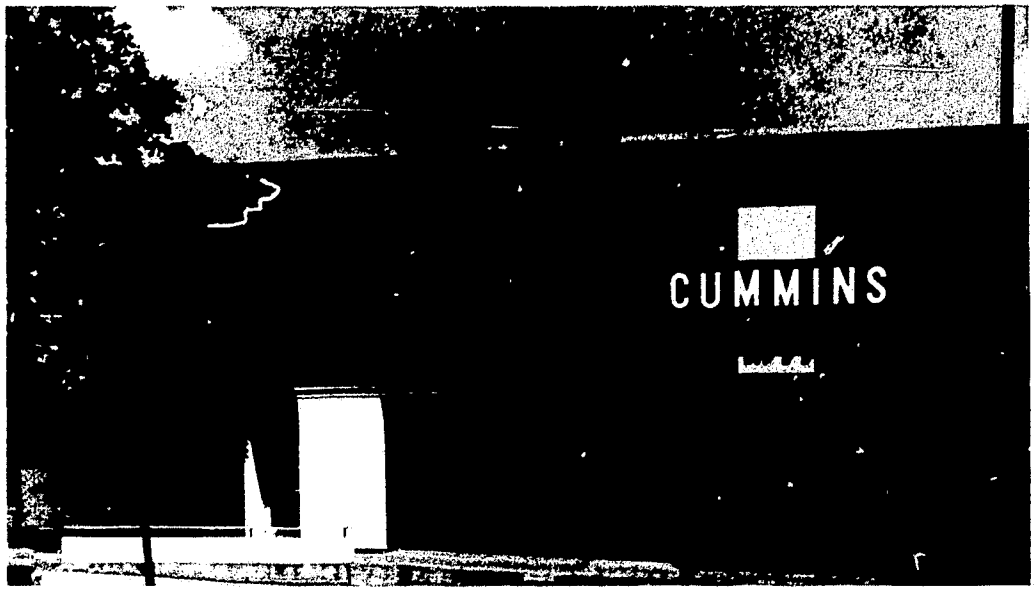
3. Who were the least important people at Cummins in 1928? Why?

4. What major differences exist between Cummins today and Cummins in 1928?

5. How do you account for these differences?

Section II: The Job

Ben: "A worker in 1975 doesn't have to think near as much as he used to. Therefore, it's not near as interesting to work. You got this monotony thing that comes in. You figure, if a man is learning every day, you figure that he's better off than the guy who just comes in here and learns one thing and that's it, you know, the heck with it. And so the interest part of it, I think, has gone down hill. But I think it's gone down hill everywhere; I mean, it's not only Cummins."



Cummins facilities in Columbus, Indiana

WORK IN THE MAIN ENGINE PLANT

Tony: "They put a lot of pressure on you just for talking to friends on the job. Sometimes it's not really a big thing, like taking a break sometimes. You have to go to the break room, and you usually end up staying there longer than you would if you could just stand there and talk to somebody. You come back 30 minutes later and get ripped for being off the job."

Barry: "We all complain sometimes. After all, we're people. At least we have jobs. To be without a job is an unthinkable kind of misery. To have that situation confront me would be terrifying. I hope it never comes to pass. I really feel sorry for the people who experience that. It would be frightening."

Ted: "I don't think you're gettin' the caliber of people now that we used to. It just seems like to me like people's lost their sense of pride in their work. Used to be when I worked back in the shop, when I'd do a job, I was proud of it. You won't find that any more - not too much. "

Discussion Questions

1. What things do workers at Cummins place the most value on today?

2. What are the most frequent complaints that the workers have?

3. How do you account for these complaints?

4. What would happen to people at Cummins if they lost their jobs?

Section III: Growth

Ron: "In my short tenure I can see a lot of changes that have occurred just through the growth of the company. This used to be a pretty informal company. You used to be able to walk up to the Vice-President's office or whoever's office was responsible for accomplishing what you wanted to get done. That kind of an atmosphere really doesn't exist anymore because of the size of the company. We've had to formalize the way we operate, we've had to rely to a greater extent on formal paper-work. We've had to structure the organization so if you want to get something done, then you go to a certain level within a department."

Ben: "Before 1940, I would assume that even the people in the highest positions of management knew every individual by first name.

That's not true today.

It CAN'T be true because you know, plant-wide there are at least 10,000 employees here now. I think at that time it was kind of a 'family thing' as opposed to today."

Tom: "We do alot more writing where we used to talk. Since we do have to put things in print, that does somewhat become a problem. We just cannot talk about everything, we have to put it in a manual or procedure and so forth. So there is a greater outpouring of paper and processing than before."

Fred: "Cummins used to be an unstructured organization. The levels between yourself and top management were very few, and it was not uncommon for people to dip through those levels to get answers they were looking for. So it was unstructured, and it worked because we were smaller. Now that we're approaching a billion dollars in size, we still have a lot of the same managers -- particularly in the middle level -- who try to manage the same way, but it doesn't work as easily. Before you might have 3 or 4 people working for you, but now it's more like 5 to 10 people. So a) it either spreads you pretty thin or, b) it pushes a lot of people at the bottom of the organization further away from where the decisions have to be made. And I don't know that we're fully adjusted to that kind of a structure yet. We're grappling with this problem. We're trying to adjust to the size of the company and I think it's created some employment problems for us."

Ray: "The company should be giving some more to their people here before expanding like they have been expanding. You know, I like for 'em to expand and get big, but still they've gotta take care of how they're gettin' there."

Mark: "I think that when they branch out into other plants - other countries - somebody's gotta pay for it. They should think about the employees back here. They kinda let their people down for as big as they've got and for expanding as much as they have."

Steven: "Well, I think most of our outside or overseas business to me is just more business. In Mexico, for example, at DINA our main operation has created a lot of work for us because we furnish a lot of the parts to build those engines. Some of the parts they make, some of them we make. To me that's more job security. If you only sell engines within the United States, you don't have the volume and you're entirely dependent on the U.S. economy. To me world-wide business is more job security because any plant that can set up and start machining the necessary component parts to build a complete engine, I mean, they're gonna have to rely on us to supply those parts. I know in bad

times it has helped to have these subsidiaries or other plants around. It's just added security as far as I'm concerned, because that's business. If we wasn't building the Cummins Engine then somebody else would be building them because there's a need for them."

Barry: "Ah, expanding into foreign countries doesn't affect my job to any extent - we make a lot of parts - ship a lot of parts. Normally DINA down there in Mexico they build and assemble. They're an assembly plant virtually. They don't do a whole lot of machining. We do most of the machining, and then we send parts down there. They're trying to get their capabilities up where they can machine there, but that's just business. I mean that doesn't affect me, but I like to see everything kept in the United States. I'm the type a guy who hates to buy anything made overseas - period. I guess we have to have foreign trade to a certain extent in order to make the world go around so that's just part of life."

Discussion Questions

1. What major differences exist between Cummins before 1940 and Cummins today?

2. How do you account for these changes?

3. How has expansion into foreign countries affected the job security of workers at Cummins?

4. What countries does Cummins depend on for business? Why?

5. How do people communicate with each other at Cummins today?

6. What sorts of planning have become important to managers at Cummins?

7. List three questions which would help you find out more about the growth of Cummins Engine Company.

A. _____

_____

_____

B. _____

_____

_____

C. _____

_____

_____

ACTIVITY TWO: FROM COLUMBUS TO THE WORLD

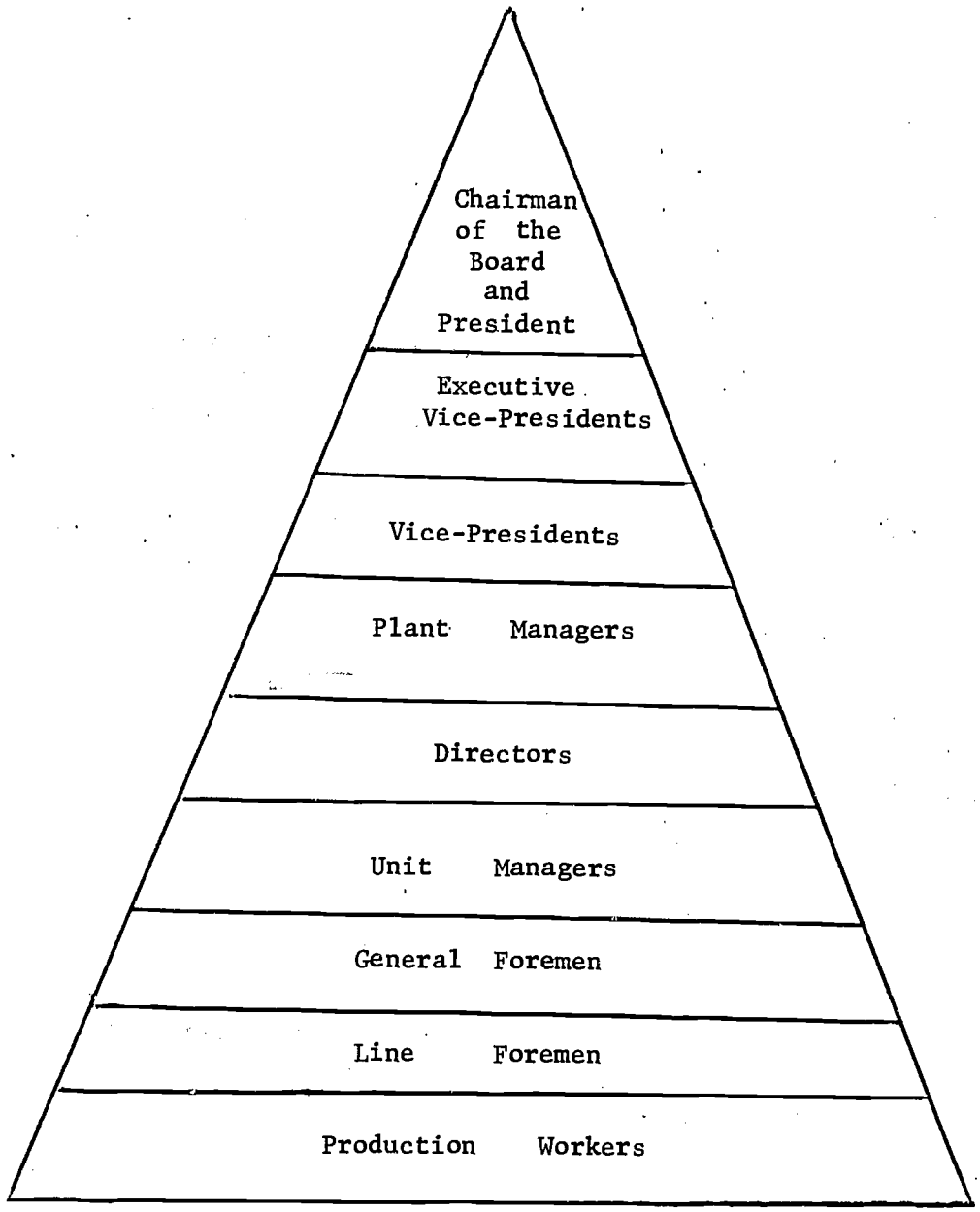
The expansion of Cummins Engine Company resulted from the tireless efforts of men like Clessie Cummins. By examining his actions and those of the current managers at Cummins, you will see how their efforts to mobilize the company contributed to growth. Also, this activity will focus on the extensive planning which took place at Cummins during its expansion. When you complete this activity you should be able to determine how planning directed decisions made at Cummins. This activity then, deals with two ideas - mobilization and planning and examines how they can affect a growing political system.

In 1919 Clessie Cummins probably knew everything which happened in the engine plant. Only the plant superintendent, the general foreman, and the foreman worked more closely with the production workers. Since the company produced only one size engine, the same men worked on an engine from beginning to end. The superintendent, the general foreman and the foreman could easily manage the work. However, as the company grew during the 1930's, 1940's and 1950's it began to produce several different engines. For this reason, it became necessary to separate the group of men who once built the entire engine and to form production lines - a specific line for a specific model engine. For instance, one group of men formed a "line" when the company introduced the Model U engine in 1926. Another "line" was formed in 1929 to produce the Model K engine. Cummins started still one more "line" in 1931 to make the Model H

engine. If you worked at Cummins at that time, you worked on one line only. Because each line made a different engine, it became necessary to add a new management position to the Cummins system: line foreman. The line foremen each reported to a general foreman. As the number of lines increased, the number of line foremen increased and the number of general foremen increased. The gap between Clessie Cummins and the production workers grew larger and larger.

As additional engine plants were opened in Columbus and throughout the United States, the new position of Plant Manager was created. Plant Managers have responsibility for the activities of all of the employees who work in their plant. Their job includes supervision of all of the various foremen as well as the production workers.

Additional positions were opened as soon as Cummins began to become active with businesses in other countries. For example, a position of this type which exists today would be Vice-President for the United Kingdom and Europe. The person who occupies this position, oversees the operation of all of the four plants in the United Kingdom. Additional individuals are responsible to the Vice-President for the United Kingdom and Europe. This Vice-President, in turn, is responsible to another person, the Vice-President for International Activities. These Vice-Presidents are then responsible to their Executive Vice-Presidents and they to the President. Today there are five Executive Vice-President, and twenty Vice-Presidents. There are hundreds of other positions in the company. The chart below depicts the major positions at Cummins.



MAIN POSITIONS AT CUMMINS

Do you think Henry Schacht, the company's President today, can know as much as Clessie Cummins did about the day-to-day operation of the engine plant? Why or why not?

As the diagram suggests, the employees at Cummins Engine Company today are divided into various levels. At one level are the production workers who actually do the manual and machine work to assemble the engines. Approximately 5,000 such people work in the Columbus area. Each production worker belongs to the Diesel Worker's Union, an organization established in 1937 to bargain with management on behalf of the workers. The DWU seeks better wages, better working conditions, and benefits such as health insurance and retirement insurance. Only production and maintenance workers who work at Cummins can belong to the DWU. It remains closed to persons who occupy any supervisory positions. Production workers are paid less than supervisors and members of management. Their primary influence in company affairs is through the DWU.

The various foremen form the next highest level of employees at the company. They are not members of the DWU. Because production workers report to them, foremen often have more status than DWU members. Additionally, they receive higher salaries. Superintendents, at the next level, receive even higher salaries and have more influence than foremen. As you move up the pyramid chart, you will find that generally, personnel at each higher level have more resources than personnel who occupy a lower level. They also are move likely to engage in political activities than those at a lower level. For example, the Directors engage in decision-making to a greater extent than do line foremen or production workers. Most political activities are carried out by people

according to their position.

Cummins is no longer an elite system as during the early years. A different label would more accurately describe Cummins today -- a bureaucratic system.

> In a bureaucratic political unit, resources are stratified across groups of people. Most activities are carried out by people according to their positions.

Do you think bureaucratic is a useful term to describe Cummins? If not, what term would you use?

The Cummins System Today

In the early years of the company, an emplyee who disliked working there usually left. As the first section of the "The People Who Work Here" pointed out, if you had a complaint about salary you went directly to the superintendent and asked for a raise. If he responded no, that was it - no raise! If you became lazy and performed poorly at your job, often you were simply fired. Plenty of other people were anxious to have a job at Cummins. It was a simple matter then. If the superintendent decided to fire you, you lost your job.

In the bureaucratic system which characterizes Cummins today, there exists no direct communication between the highest levels and the lowest levels of the system. Today if an employee has a complaint, it rarely reaches the higher levels of the system. In fact, a special procedure, called a grievance procedure, helps resolve complaints and prevent them from reaching the managers of the company. Usually this procedure works to the benefit of both the union and the management of the company. This procedure is used in disputes between the company and the union which center on subjects from wages to personal insults. Article 8 of the labor agreement between the DWU and Cummins Engine Company describes the steps of this procedure. As you read this procedure, refer to the diagram on page 28 .

Grievance Procedure

Step 1: An employee who has a grievance shall first attempt to settle it with his first level supervisor (the line foreman). If no satisfactory answer is given, the employee may request the presence of his Shop Steward, (the union representative in the plant) for further discussion at Step 1.

Step 2: If no satisfactory agreement is reached between the employee and the first level supervisor, the employee's shop steward shall discuss the grievance with the first level supervisor and the second level supervisor (the general foreman).

Step 3: If no satisfactory settlement is reached between the steward, the first level supervisor and the second level supervisor in Step 2, the employee shall write the grievance. Copies shall be given to the Vice-President of the union who shall give a copy to the appropriate Employee Relations Manager (a company representative). A meeting will then be scheduled to resolve the grievance.

Step 4: If no agreement can be reached then the Employee Relations Manager and the Union Grievance Committee shall give written statements to each other. The grievance will then be presented by the Union Bargaining Committee, to the Plant Manager and the Director of Personnel. If no agreement is reached between these groups, then an outside mediator is called upon for aid.

Most grievances are settled at the first step. Very few go to the fourth step. Those which do reach the fourth step could result in a strike.

The grievance procedure illustrates the extent to which Cummins has changed as a result of its growth. Today, Cummins represents a different type of political system than it did in 1919. Resources and activities are distributed differently. For example, many more people are directly involved in making decisions for the company. Through frequent meetings, the 20 Vice-Presidents have major input into decisions which are made on behalf of the company. The DWU has opened up the amount of participation which production workers have in company affairs. The grievance procedure has given the production workers an opportunity, in a controlled way, to make their feelings known to the management of the company. The leaders of the company no longer exercise their influence directly over the remainder of the company. Instead, influence is exercised from one level of the company to the next.

Each of these changes seemed to reinforce the next. For example, the creation of the position of line foreman was just the first step in breaking the company into levels of positions. Other positions which created additional levels were soon added. These included Unit Manager, Director, Plant Manager, and Vice-President. As more levels were created, communication from the leaders of the company to the production workers became more indirect. Those who occupied each higher level took on more status than those at the next lower level. Each change supported the general trend

to a large bureaucratic system. Political development describes this kind of growth.

> Political development occurs when changes in patterns of political resources and activities reinforce each other over time and a system operates in a different way.

Your teacher will now divide you into small groups. Together with the other members of your group identify a political system which has experienced political development. Then write a page in which you describe the development of the system you have identified. If you cannot think of a system which has experienced development, then choose any system and describe what would probably happen to it if it did experience development. Then explain why you think development occurs. Be prepared to share your group's work with the entire class.

Growth To What?

The pyramid diagram on page 28 illustrates the political structure of Cummins Engine Company in 1975. The diagram, however, simplifies the structure for the purpose of clearly showing a bureaucratic political system. The development of the company is due partially to its expansion in Indiana and throughout the United States. More importantly, however, is the company's interest in organizing to expand in other parts of the world.

> The term mobilization describes organizing people to get things done. It requires strong leaders who can attract skillful new members who agree on common goals.

Mobilization is crucial to political development. It provides an organizational base for a political system. For example, a school which develops from an elite to a bureaucratic system requires the support of many people in the school. Students, teachers, and administrators must agree to alter the elite characteristics of the school. They must meet frequently to make decisions about how they will change the political system. If they are to be successful, they must constantly attract other people and build support for their position. Possessing political resources such as influence, status and ideas will increase their possibility of attracting others. If, however, those who want to change the school do a poor job of mobilizing the others, political development will not occur. Political development in any system, a school, a city, or a nation will continue only as long as the system can be effectively mobilized. The role profiles and company

history below describe some of the leaders of Cummins Engine Company today. This information serves as an example of mobilization at Cummins. Read them carefully and answer the questions which follow them. As you read identify evidence of the most important goals of the company.

ROLE PROFILES

1. J. Irwin Miller, Chairman of the Board

Mr. Miller joined Cummins in 1934 after receiving a college degree. His management skills helped the company to make its first profit in 1937. He is a Director of American Telephone and Telegraph Company and Chairman of the Board of Irwin Union Bank and Trust Company in Columbus, Indiana. Mr. Miller has served in the past on several government Committees and commissions as well as the United Nation Committee on Multinational Corporations. Mr. Miller is 65. He is perhaps the most respected person at Cummins Engine Company.

2. E. Don Tull, Chairman of the Executive Committee

Mr. Tull became Works Manager of the Corporation in 1936 after joining Cummins in 1928. His long years with the company make him one of the most experienced members of management. He was elected Vice-President - Personnel in 1952, Executive Vice-President in 1960, which office he held until 1969 when he was elected Chairman of the Executive Committee. Mr. Tull is also a Director of the Irwin Union Bank and Trust Company and Irwin Management Company, Columbus, Indiana. In addition, he has served as a member of several associations and boards, including the presidency of the Internal Combustion Engine Institute. He is currently a member of the Board of Governors of the Associated Colleges of Indiana and of the Board of Trustees of Franklin College, Franklin, Indiana. Mr. Tull is 68.

3. Richard B. Stoner, Vice Chairman of the Board

Mr. Stoner attended college and graduated from law school in 1947. For a brief period before he joined Cummins, he practiced law. After holding various administrative and executive positions, Mr. Stoner was elected Vice Chairman of the Board of Directors in 1969. He is a Director of American Fletcher National Bank and Trust Company in Indianapolis, Indiana; Public Service Indiana; Mr. Stoner is a Trustee of Indiana University and a member of the Democratic National Committee and the Executive Committee of the Machinery Allied Products Institute, among others. Mr. Stoner is 54.

4. Henry B. Schacht, President and Chief Executive Officer

Mr. Schacht was elected President of the Corporation in 1969 after joining Cummins as Vice-President - Finance in 1964. He previously served in various executive positions, primarily in the growing international area. He received a Bachelor of Science degree in Industrial Administration from Yale in 1956 after a tour of duty with the U.S. Navy. He then attended business school. Mr. Schacht was associated with the Irwin Management Company until joining Cummins. He is presently a Director of Columbia Broadcasting Systems, Inc.; a Trustee of the Committee for Economic Development; a member of the Council of Foreign Relations. Mr. Schacht is 40.

5. C. Raymond Boll, Executive Vice-President

Mr. Boll became associated with Cummins in 1941 upon receiving a college degree in electrical engineering. He served in various sales and marketing positions, was elected an officer of the Corporation in 1955, and to the Board of Directors in 1956. He has served in various executive positions including head of Marketing and International Operations.

Mr. Boll's memberships include the Advisory Committee of the American Trucking Association Foundation, the Construction Industry Manufacturers Association, the Transportation Association of America and the Society of Automotive Engineers. Mr. Boll is 55.

6. John T. Hackett, Executive Vice-President

Mr. Hackett graduated from college and then attended business school. From 1961 until he joined the company in 1964, he was an economist with the Federal Reserve Bank of Cleveland. Mr. Hackett was elected Vice-President - Finance of the Corporation in 1966; and in 1971, he was elected Executive Vice-President. In 1974, he was also elected to the Cummins Board of Directors and is the Chief Financial Officer of the Corporation. Among the many organizations to which Mr. Hackett belongs are the American Economic Association, American Finance Association, Technical Consultants to The Business Council and the National Economists Club of Washington, D.C. He is also serving as a Director of the Federal Reserve Bank of Chicago and the Financial Management Association. Mr. Hackett is 42.

7. James A. Henderson, Executive Vice-President

Mr. Henderson graduated from college and attended business school. He joined the Corporation in 1964 as Assistant to the Chairman and in 1965 was elected Vice-President - Management Development. After serving as Vice-President - Personnel, and

Vice-President - Operations, Mr. Henderson was elected Executive Vice-President in 1971 and in 1974 was elected to also serve as Chief Operating Officer. In 1968 Mr. Henderson was Co-Manager of the Rockefeller for President Campaign and has served as President of the Junior Achievement of Columbus, Indiana; the Hoosier Hills Council of the Boy Scouts of America and the Columbus Area Chamber of Commerce.

Discussion Questions

List three political resources possessed by this group of people which would be helpful to them at Cummins. Beside each, explain why it would be helpful.

1. Resource _____

   Explanation: _____

_____

_____

_____

2. Resource _____

   Explanation: _____

_____

_____

_____

3. Resource _____

   Explanation: _____

_____

_____

_____

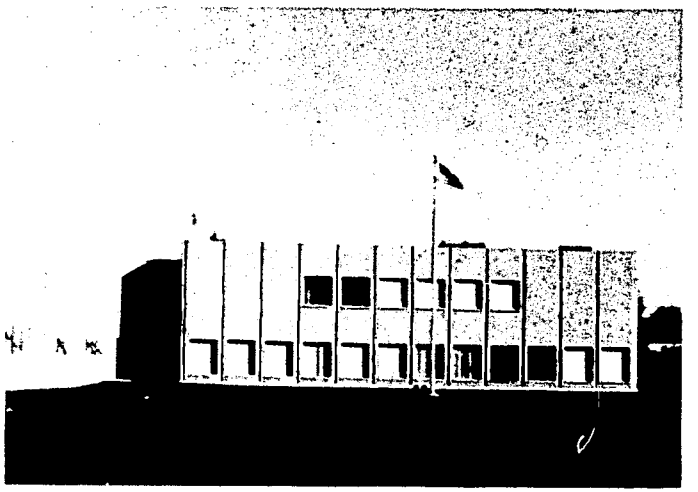
Leaders such as these have been responsible for setting the goals of the company. By reviewing the history of the company, you can learn about its goals. A brief history of the expansion of the company appears below. After you have read it, answer the questions which follow.

1957

Cummins Engine Company Limited was established at Shotts, SCOTLAND, to manufacture diesel engines for sale in the UNITED KINGDOM, EUROPE, and CANADA.

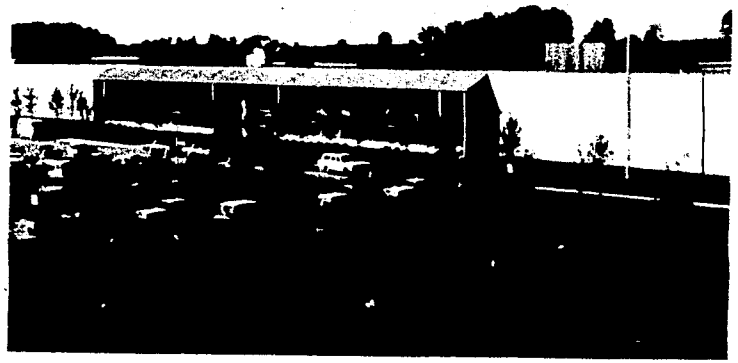
1958

Atlas Crankshaft, Inc., Fostoria, Ohio, was purchased. Atlas produces crankshafts, camshafts, valves, capscrews, piston pins, and gears for use in Cummins diesels as well as for other makes of diesel and gasoline engines, compressor pumps and industrial equipment. A new facility was occupied in 1966.



1958

The Seymour Woolen Mills real estate was purchased and occupied by the newly formed Seymour Filter Division organized to manufacture fuel, oil, water and air filters. The Division's name was changed to Fleetguard in 1965. In 1967, Fleetguard Division moved to a new plant in Cookeville, Tennessee.

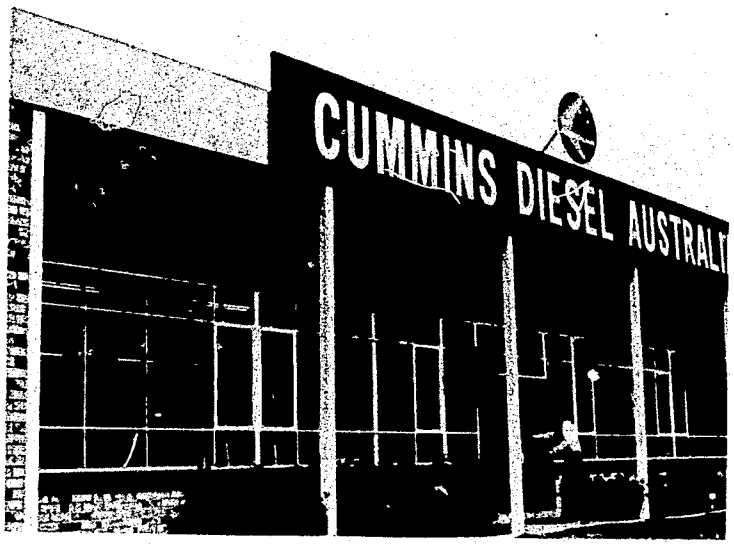


1958

Cummins Diesel International Limited was incorporated in the BAHAMAS. It currently has offices operating in major international trade centers.

1959 Cummins Diesel Canada Limited was formed in Ontario, CANADA to operate sales offices in CANADA.

1961 Cummins Diesel AUSTRALIA, a branch of Cummins Diesel Sales Corporation, was established near Melbourne to assemble engines and to warehouse Cummins parts.



1961

An agreement was made with Komatsu Manufacturing Company Limited of JAPAN to manufacture Cummins engines. Production of engines began in 1964. Most engines and parts produced in JAPAN are sold through Komatsu-Cummins Sales Company Limited, which is 51% owned by Cummins.

1962

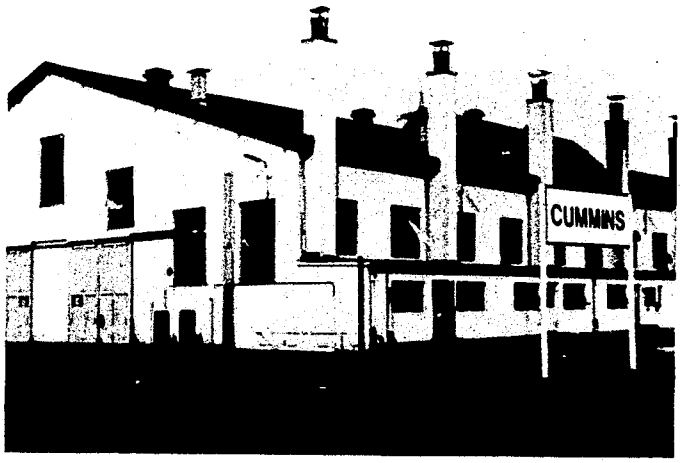
Kirloskar-Cummins Limited, Poona, INDIA, in which Cummins has a 50% interest, was established to manufacture Cummins Diesel engines. A new manufacturing building was erected before production of the first Cummins Diesel in 1964.

1962

Cummins entered into an agreement with Fried-Krupp, for the manufacture by Krupp of certain new diesel engines in WEST GERMANY. The agreement was ended in 1969.

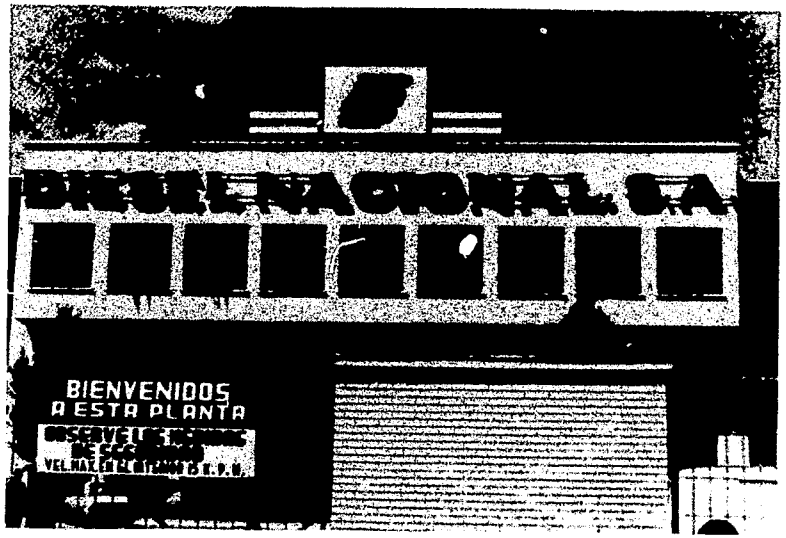
1962

The Cummins Europe Technical Center was established at Essen, GERMANY in 1966 to provide engineering and research aid for the European manufacturing and sales effort.



1962 Cummins Diesel Deutschland, a branch of Cummins Diesel Sales Corporation, began operations in 1963 to provide sales and service support.

1963 Chrysler-Cummins Limited was founded to manufacture, at Darlington, ENGLAND certain light-weight Cummins diesel engins. Cummins and Chrysler each held a 50% interest until Cummins purchased Chrysler's share in 1968.



1963

Cummins signed an agreement with Diesel Nacional (DINA), Sahagun, MEXICO, a government-owned truck and bus manufacturer, to build certain models of engines. In addition to its own requirements, DINA furnishes engines to other manufacturers in MEXICO.

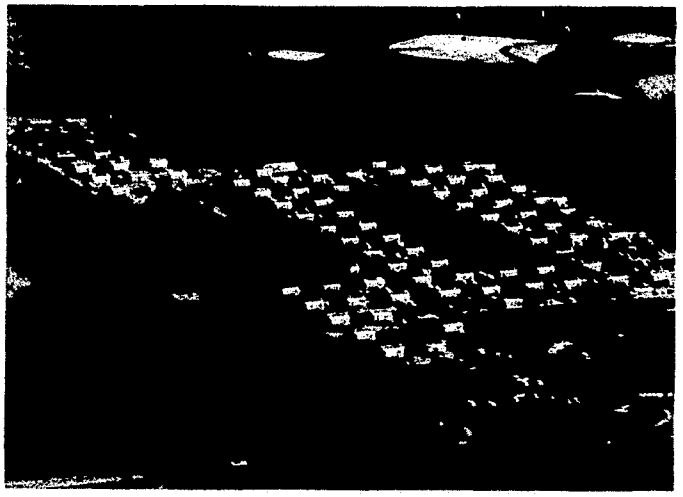
1964 Frigikar Company of Dallas, Texas, was purchased and operated as Frigiking Division.

1967 The new 360,000 square foot Technical Center at Columbus opened.

1968 Cummins International Finance Corporation was incorporated in the state of Delaware to cooperate with the United States government.

1970

Ground was broken at official ceremonies for the Walesboro Components Plant, south of Columbus. Production began at this 568,000 square foot plant in 1972, to make parts and sub-assemble components for the Columbus Assembly Plant.

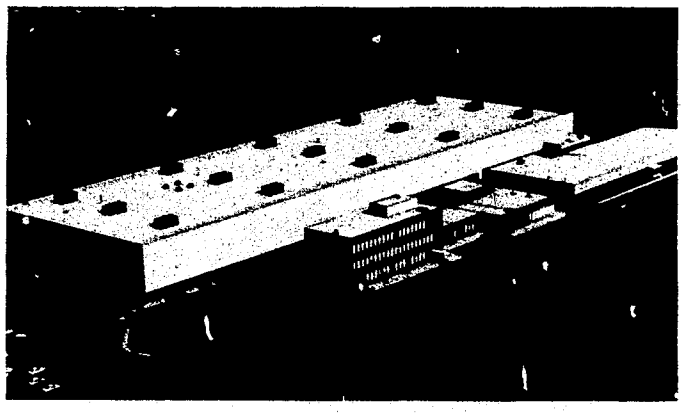


1970

The company bought K-2 Corporation and its wholly-owned subsidiary, K-2 CANADA, a leading manufacturer of fiberglass snow skis. In 1972, K-2 bought Jan Sport, Inc., manufacturer of an extensive line of backpacks and ski towing equipment, K-2 also added a new line of ski boots and expanded with international operations in SWITZERLAND and in GERMANY.

1971 The company purchased the assets of the Otto Deutz diesel engine and farm tractor plant in Sao Paulo, BRAZIL.

1972 Cummins Diesel Sales Corporation bought a manufacturing facility at Daventry, ENGLAND, which will manufacture and assemble the high-horsepower engines.



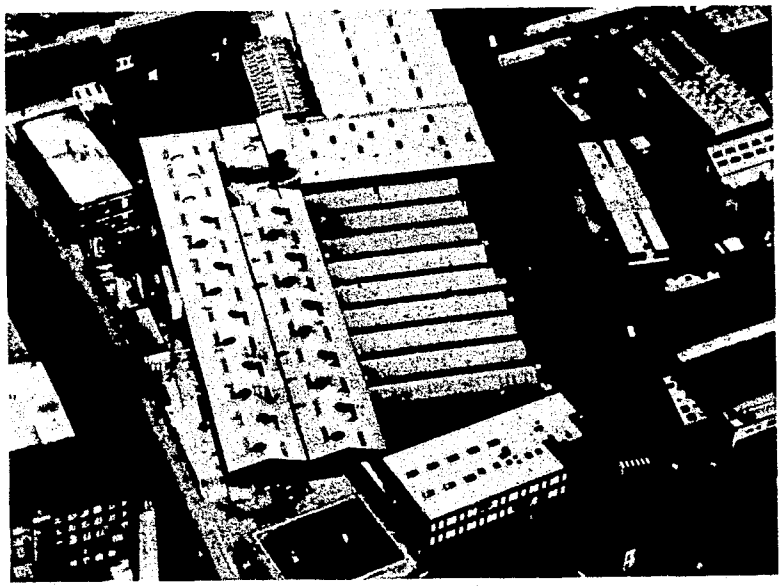
1972

The Company acquired a manufacturing plant at Charleston, South Carolina, which will assemble, test, and produce engines and engine parts.

1972

Cummins became a one-third owner of Cummins Nordeste in Salvador, BRAZIL, with Marcopolo, a major Brazillian bus body producer and Van Hool a BELGIUM bus producer. Cummins Nordeste will produce chassis for buses in Brazil.

1973 An agreement was entered into with Machinenfabrik Augsburg-Nurnberg, of Augsburg, WEST GERMANY, to market gas turbine engines in the U.S., CANADA and MEXICO.



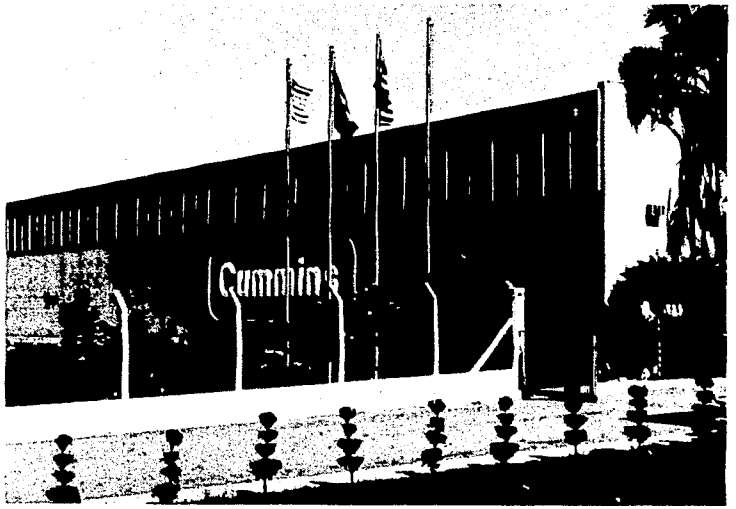
1973 In September Cummins purchased the Holset Engineering Company, Ltd., in Huddersfield, ENGLAND.

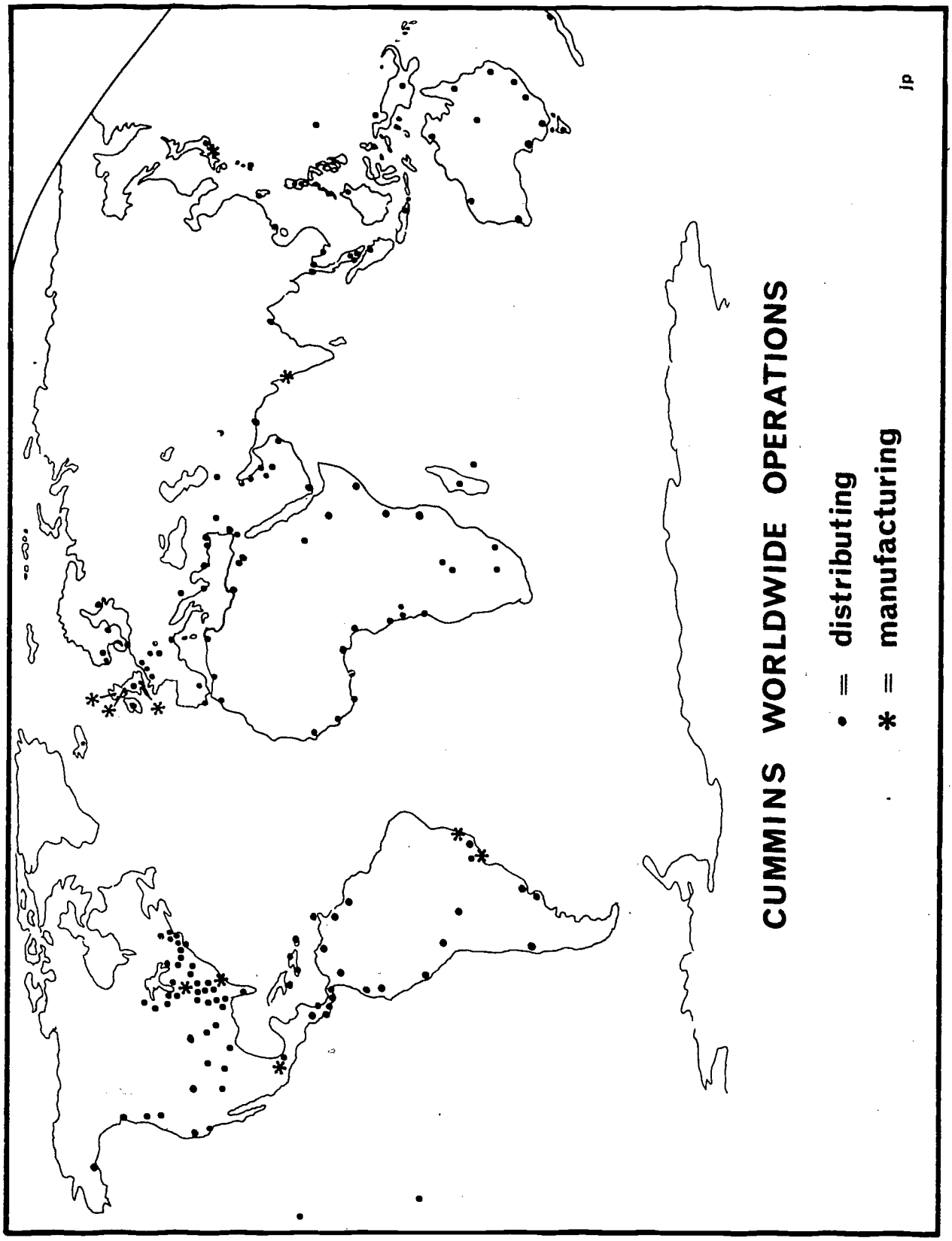
1974

In August a components plant was acquired in Jamestown, New York.

1974

The Company formed a joint venture in BRAZIL with a large firm, Companhia Auxiliar de Empresas de Mineracao (CAEMI).




CUMMINS WORLDWIDE OPERATIONS
• = distributing
* = manufacturing
jp

Review the history of the company carefully. In the spaces below list 5 important goals of the company suggested by its history and growth.

Goal 1: _____

_____

Goal 2: _____

_____

Goal 3: _____

_____

Goal 4: _____

_____

Goal 5: _____

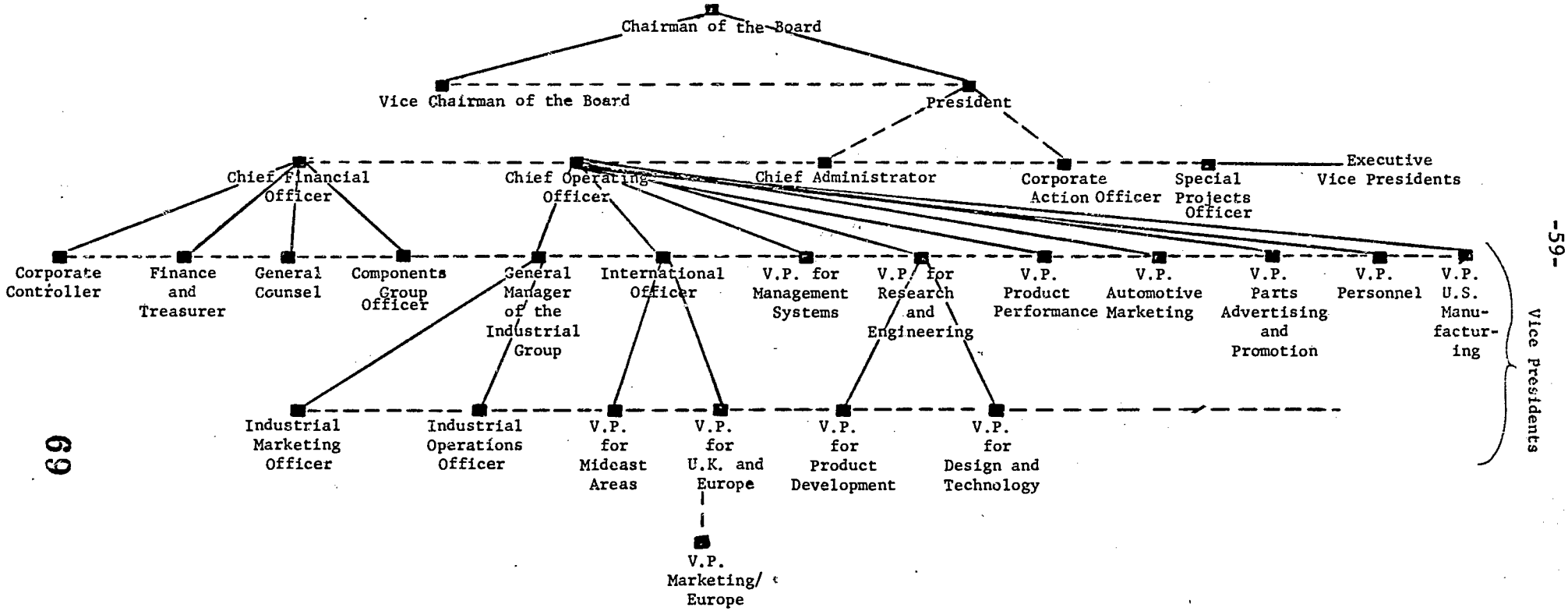
_____

Cummins possessed many goals which guided its growth: a desire to acquire successful non-engine businesses such as K-2; a desire to establish manufacturing facilities in parts of the world where diesel engines are needed such as Europe and Latin America; a desire to expand into areas closely related to the engine business such as Fleetguard; a belief that thorough research and development will result in better engines. This goal is illustrated by the advanced research and development centers in Columbus, Indiana and Essen, West Germany; a desire not to concentrate only

on manufacturing engines, but also on their distribution; a desire to enter into partnerships with companies in other countries such as DINA, Kirloskar-Cummins, and Komatsu Manufacturing Limited. These represent a few of the many goals suggested by the preceding history.

In order to achieve each of the above goals, the company needed to obtain the services of many people. It had to find people familiar with the business atmosphere, politics and culture of Latin America. It also hired hundreds of production workers needed to make the parts to send to Mexico for assembly there. Beginning in 1956, Cummins began to hire people exclusively for the purpose of working with the engine plants in the United Kingdom. This process of development at Cummins created many new management jobs as well as additional jobs for production workers. Cummins hired people to work specifically for new foreign ventures. The entire system became more and more complex. Additional specialists were hired; specialists in law, finance, and personnel. As the union continued to grow, the Company had to hire specialists in employee relations to cope with the increasing number of grievances which resulted from a larger union.

The simple pyramid which appears on page became very complex. As mobilization solidified support for foreign expansion, it promoted development at Cummins. Mobilization increased the levels of positions necessary to carry out the functions of a multi-national business. The following diagram illustrates the top levels of the Cummins system as they exist today. Compare this diagram to the diagrams on pages 28 and 7



The Top Positions at Cummins Today

Growth By Design

Successful planning is just as important to development as mobilization.

> Planning involves making political decisions which result in a policy for a system. Planning gives direction to development.

The future of political systems is often determined by planning. One reason that systems develop in specific ways is because their leaders try to affect that development. Suppose a very authoritarian school administration decides to try and become more open to student opinion. Its leaders could find it in their best interest to encourage teacher and student participation in school affairs. If the administration mobilizes support in behalf of the changes it desires, they may come about. The reason the school develops into a participant system is partly due to the fact that its leaders planned for this development. They wanted to become a participant type political system. Planning guides developmby by focusing systems attention on development in a specific direction. People are involved in planning all the time - in Presidential Cabinet meetings in student government meetings, or in labor union meetings. In these meetings, leaders of political systems make decisions about future directions for the group, what the system wants and needs. Sometimes, the result of such a decision is a clearcut policy to change a system in a specific way to direct and guide the development of the system.

It could very well have been the case that Cummins would not develop into a bureaucratic system. It could have remained the elite system of the early twentieth century. In this case, Cummins would probably have remained a small family owned business with operations serving the community of Columbus, Indiana. However, as early as 1939, the owners and managers of Cummins Engine Company began to make decisions about the future directions of Cummins.

In 1939, five members of the Cummins management including J.I. Miller, current Chairman of the Board, issued a statement to Clessie Cummins and W.G. Irwin. Their statement focused on four areas:

1. Unless Cummins Engine Company provided an "unusal and needed service" it would not be a profitable business.
2. Cummins should concentrate on the manufacturing of light weight high speed diesel engines.
3. Performance and reliability are extremely important to the production of superior engines.
4. Cummins should grow from a small company to become one of "moderately large size."

Clessie Cummins himself added another goal.

5. "To, achieve (a) balanced production through the good and bad years, we must have a high grade distributing organization, dealing with the cream of engine users, who are big enough and strong enough to carry on through the good and bad years. This will not be achieved by having an extremely strong organization in New York of San Francisco, but by having not only these but also a good strong sales organization in every community in the country."*

*Clessie Cummins, 1939, cited in W.G. Irwin and Hugh Thomas Miller; A Study In Free Enterprise in Indiana, Richard H. Gemmecke, Doctoral Dissertation. T U., 1955. p. 306.

1. How does this policy differ from the policy of the company in 1920?

2. How do these specific plans relate to development?

As early as 1939, the leaders at Cummins were making plans for growth. The managers decided that the company should become one of "moderately large size." Clessie Cummins urged the company to develop "a good strong sales organization in every community in the country." By committing itself to an increase in size, Cummins committed itself to development into a system which could deal with new plants and distributors. While the original interest was to restrict this growth to within United States borders, as early as 1957, Cummins began to grow out of this country.

Because of planning, the growth came as no surprise. Cummins developed into a bureaucratic system because it planned for this type of development. It was prepared to deal with the problems of expanding into other countries.

In 1971, Cummins started a new strategy - a more current policy which would guide the future development of the company. This strategy included three main features:

1. Maximize the Worldwide Power Business
2. Expand Into Related Industries
3. Invest In And Develop Emerging Industries.

Think carefully about this policy. Then refer to the history of the company's growth on pages 43 through 55

Discussion Questions

1. How is this policy different from the one stated in 1939?

2. How is this policy similar to the one stated in 1939?

3. How can planning affect development?

4. How can this specific strategy affect the development of Cummins to a bureaucratic system?

Following you will find two brief cases which illustrate political development. The first case deals with the United States, and the second deals with Atzlan High School. Read each case carefully and compare planning and mobilization in these cases with planning and mobilization at Cummins Engine Company.

Beginnings in the United States

Political life in the United States has changed considerably since the 1770's when the nation was born. A sense of these changes can be gained from the following brief "sketches."

Political Life in 1770

In 1770, the territory that soon was to become the United States included thirteen colonies of the British Empire. In all but two of these colonies (Connecticut and Rhode Island) the British King had final control over decision-making in the colonial governments. In eight of the colonies, the King appointed the Governor and had the power to remove him whenever he wished.* In three of the colonies, a proprietor, who had obtained his position from the King, named the Governor.** The King had the right to disapprove of the proprietor's appointment.

The King had the authority to veto laws passed by the legislatures of the Royal colonies. The proprietor had the right to veto laws passed by the legislatures of the proprietory colonies.

As agents of the King and/or a proprietor, the governors were the dominant political figures in the colonies. They often behaved as "little kings" in America.

A small minority of the adults in colonial America (less than 6% in some colonies) had the right to participate in their governments. The right to vote for representatives in the colonial legislature was limited

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*These Royal Colonies were New Hampshire, New York, New Jersey, Virginia North Carolina, South Carolina, Georgia, and Massachusetts.

**These Proprietory Colonies were Maryland, Delaware, and Pennsylvania.

to white males who owned a sufficient amount of property. Women, blacks, Indians, and propertyless white males were virtually left out of the significant political activities in colonial America.

Most non-whites, women, and poor whites had few opportunities to acquire political resources. Opportunities for higher education were restricted mostly to white males with property. Many poor people were illiterate. About 400,000 blacks lived in the colonies. Most were slaves. About 250,000 whites lived as indentured servants, who had sold their labor for several years in return for passage to America.

For the most part, political freedom and opportunity in colonial America was limited to white male property-owners, a small minority of the population.

Political Life in 1790

In 1790, George Washington led a new nation of 13 states as the first President. In 1776, the Declaration of Independence had proclaimed the colonies "free and independent states." A War for Independence had been fought and won, and a Constitution, to serve as the basic law, had been written and approved.

Conflict between political parties and extensive participation by the people were not features of American political life. President Washington had been elected unanimously by the members of an electoral college, who were appointed as electors by the leaders of their state governments. The people did not vote Washington into office, although he was a popular hero due to his exploits in the War for Independence.

While having much authority as the top leader of government, Washington was no "little King" as the colonial governors were. His powers, while considerable, were limited by the Constitution. In addition, the basic law

required that he share the powers of government with a Congress (given power to make laws) and a Supreme Court (given power to make judgments about laws).

Most people had little to do with selection of the members of Congress. All Senators (the upper-house of Congress) were selected by the leaders of their respective state governments. All members of the House of Representatives (the lower-house of Congress) were selected by majority vote of the eligible voters in their states. However, in 1790, as in 1770, the voters were a small minority of the adult population. Only white males who held some property were allowed to vote. In some states, less than 10% of the adult population was able to vote.

As in 1770, most non-whites, women, and poor whites had few opportunities to acquire and use political resources. While some leaders, such as Thomas Jefferson, believed strongly in the importance of free public education, the few schools in 1790 served mostly wealthier people.

The national population in 1790 was about 4 million; 20% were black slaves. Less than 20% of the people had enough resources -- in the form of money, property, education, positions of influence -- to be able to have any voice in national political affairs.

In contrast to 1770, the seeds of greater equality in political resources and activities had been planted. The society was open to upward mobility. What a person could do was often more important than who his/her parents were. However, the "flower of government for and by the people" had not bloomed.

Political Life in 1900

In 1900, William McKinley, the Republican Party candidate, defeated William Jennings Bryan, the Democratic Party candidate, in a spirited presidential election. McKinley received 7,218,000 popular votes (51.7%) and Bryan received 6,357,000 (45.5%). In this election, a majority of those elected to Congress were Republicans.

Vigorous competition between two political parties -- the Republicans and Democrats -- had become a fundamental fact of American political life. The parties were means to organize resources to elect candidates to government offices. Once elected, the candidates could be pressured to support policies of those in the party who helped elect them.

Each of two main political parties included various groups which had joined forces to promote common interests. In 1900, Democrats were mainly a coalition of factory workers from the east and midwest, small farmers from the midwest and west, and a large majority of southern whites of all types -- devoted to maintaining white supremacy. The Republicans were a coalition of groups (mainly from the east) with an interest in industrial expansion, urban growth, big business, and extensive foreign trade and investment in foreign resources and markets. The Republican coalition also included blacks, who identified with the "party of Lincoln," many prosperous midwestern farmers, and some labor union leaders.

The coalitions which comprised the two parties shifted from time to time. The competition between the parties to attract and maintain different groups provided much of the drama and vitality of political life.

About 46% of the adult population was eligible to vote in 1900. In most states, Indians and women were not allowed to vote. However, according to the law, other adults, rich or poor, with or without property, were eligible to vote. In practice, in most of the southern states, where slavery had existed until the end of the Civil War, black men were discouraged from voting.

Numerous interest groups had been organized by 1900 to make demands effectively on governmental leaders. Labor groups, such as The American Federation of Labor, business groups, such as the Chamber of Commerce, professional associations, such as the American Medical Association, and ethnic associations to represent the rights of various immigrant groups had been formed to pressure the government in one way or another. Often two or more interest groups would form a temporary alliance in support of common objectives.

In 1900, the United States had become the richest country in the world. During the past fifty years vast industrial growth had begun to change the nation from a rural to an urban society.

There were enormous gaps in wealth between a few very rich people and the remainder of the population. However, most white Americans enjoyed a good standard of living and considered themselves solidly "middle class." About 15% of the population lived in poverty. A majority of the black Americans were in the impoverished group.

The society was open to advancement through individual effort. Many Americans believed they could improve their social and political positions through hard work and talent. Opportunity for education through a growing public school system was often the key to upward social mobility. By

1900, over 90% of white adults were literate. However, only about 50% of the black adults were literate.

In contrast to 1790, political resources were distributed much more equally. More people were involved meaningfully in political activities. However, a distinctive feature of political life in 1900 was the call for reforms of some political leaders who pressed for fairer treatment of disadvantaged groups, wider distribution of resources, and more involvement by the people in their government.

Discussion Questions

1. Describe the type of political system which characterized the British colonies in the 1700's.

2. What plans were made to change the system?

3. How were people in the United States mobilized to carry out these plans?

4. Was planning more successful in the United States than at Cummins? Why or why not?

5. Was mobilization more successful in the United States than at Cummins? Why or why not?

6. How do planning and mobilization affect development?

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After you have completed work with this case, go on to the reading about Atzlan High. As you read, think carefully about how planning and mobilization affect development.

Development at Atzlan High

Several years ago the students at Atzlan High School made it very clear that they were unhappy with the school's smoking regulations. Under the rules students were permitted to smoke only in the student lounge and not in the classrooms or hallways. Many students wanted to be able to smoke during classes and in the student cafeteria. Some non-smokers preferred to have no smoking permitted in the student lounge so that they could relax in a place that wasn't filled with smoke. Ms. Codoni, the school principal, realized that some changes in the rule had to be made to meet the student demands. She thought that the students were being reasonable in asking the administration for changes of the smoking regulations.

Ms. Codoni called the president and vice president of the student council into her office to discuss the smoking issue. Juan Perez, the president, and Jane McDarrell, the vice president, met in Ms. Codoni's office late one afternoon. They would handle this decision as they handled all others at the school. This is how their discussion went:

Ms. Codoni: As you two are aware, there is much talk around school about changing the smoking rules. I've called you here today so that we can talk about what the students' gripes are. The three of us should decide about how the rules can be changed.

Jane: Well, I'm not sure I can speak for the whole student body.

Juan: I think the reason Ms. Codoni called us here, Jane, is because she couldn't very well ask all students what they thought. We're supposed to be the representatives of the group, right, Ms. Codoni? The more people we get involved, the harder it will be to make a decision.

Ms. Codoni: If you two really know what the students feel, you can provide me with all of the information I need in order to make my decision. As leaders of the student council, you are able to influence the rest of the student body to accept your ideas. I am hoping that if we three can make a decision here today, the students will all be happy because they know you two participated in the decision-making.

Juan: What do you want us to do?

Ms. Codoni: I'd like you to tell me, Juan, what you would like the smoking rule to be.

Juan: Well, I don't like cigarette smoke. It makes my eyes water and it makes me cough and choke. I never go into the student lounge now because I can't stand the smoke, and I'd sure like to be able to use the lounge.

Ms. Codoni: And how do you feel, Jane?

Jane: Lots of cigarette smoke makes me feel kind of sick. It's because of the smoke that I can't even go to some restaurants. If someone is smoking in the same room I'm eating in, I totally lose my appetite. If we allowed smoking in the classrooms at Atzlan, I'd try and talk my parents into transferring me to a different school. I just couldn't stand it.

Ms. Codoni: Well, Jane, you certainly have as much right to go to school here as anyone else. It seems that from what the two of you have said, that the only decision to make is to ban all student smoking in school. Everyone should have a right to use all of the student facilities in this school, including the lounge. I'll make a formal announcement tomorrow that the new smoking rule for students at Atzlan High prohibits any smoking in the school building. Thank you both for your help.

* *

When the new smoking regulation was announced Atzlan High, most of the students were outraged. Many were angry because they had hoped for increased smoking privileges -- not decreased. They never would have asked for a change in the rule if they had thought all of their privileges would be taken away!

Even a larger number of students were outraged at the way in which the decision was made. They felt that no one had asked for their participation in deciding about the issue and no one had even considered their opinions. Their own student council leaders, students felt, had ignored their wishes. By not listening to the majority of students, the principal and council officers had cut off the channels of communication between the students and the administration. The new smoking rule forced students to accept a decision that they felt they had no part in making.

Groups of students began to discuss how the political system of their school should be changed. They wanted fuller participation in making the rules which decided how Atzlan High would be run. Each student had the right to have equal participation in the running of the school and the idea of powerful student leadership went against the students' ideal form of government.

It was decided that a school-wide general election should be held to pick 15 representatives to a new student senate. The representatives would include 6 seniors, 4 juniors, 3 sophomores, and 2 freshmen. The leaders in this senate would be chosen purely on their ability and they would have no more power than any other member. Decisions made by the senate would have to have everyone's agreement. All members would contribute their skills and information equally.

The major function of the new student senate was to be the body through which the students and the administration at Atzlan would communicate with each other. Members of the senate would reflect a wide range of opinions. If the principal wanted to make a decision like the one on the smoking rule, under the new political system she would have to meet with the entire student senate. Everybody would have to agree before any decision could be made. With the student senate system the entire student body would have much more say in school politics.

After the plans had been made for the student senate system, posters began to appear around school advising people of the new plans. Everyone was invited to become a candidate for student senator. Leaflets were distributed to all homerooms describing how to become a candidate for the senate. Once the campaigning began, the student newspaper published brief biographical sketches of the candidates and the campaign platforms of each senate candidate. Atzlan High was a very exciting place during those election weeks.

Once the senators were elected, the senate began having regular meetings to discuss school issues. The political structure of Atzlan High began to operate in a very different way from the way it had under the student council system. There was much more communication between the administration and the senate than there had been between the administration and the council. Students in the senate were able to settle many student

related issues on their own, without having to consult a higher authority. There was a feeling of equality among senate members since each one had an equal vote in all decisions. None of the senators had more status or influence than any other senator.

For the first time in many years, Atzlan High School had a political structure acceptable to students, teachers, and administrators alike.

Discussion Questions

1. Describe the type of political system which existed at Atzlan under the student council.

2. What plans were made to change the system?

3. How were students at Atzlan mobilized to carry out these plans?

4. What were the tactics they used?

5. Were the students at Atzlan more or less successful at mobilization than the managers at Cummins? Why or why not?

6. How do planning and mobilization affect development?

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ACTIVITY THREE: CLOSING THE BORDER

Successful mobilization and planning enabled Cummins to grow and to expand its business into foreign countries. However, no company can enter a foreign country without the approval of the "host" country. For example, Cummins may want to operate and build a manufacturing plant in the United Kingdom. If they make plans for this expansion and organize the business to prepare for it, they might succeed. Yet, the United Kingdom could make it extremely difficult for Cummins to achieve its goals. Many countries have rules about the conduct of a foreign company within their borders. These regulations vary from country to country. Generally, they are intended to restrict the amount of profit which a foreign company makes within the borders of a "host" country. If companies do not obey these laws, they may be asked to leave the "host" country in which they operate. Therefore, it becomes extremely important for an expanding company to cooperate with the businesses and people of a "host" country. In the case of Cummins, for example, it must learn to operate in new political systems all the time.

> The term penetration describes the ability of a group from one political system to learn to operate in another political system.

Successful penetration can be judged by the inpact which the group has on the systems within which it operates. Businesses try to penetrate foreign markets all the time. When they do this,

they must learn to obey the regulations of the host country and to learn the language and customs of its people. Often, a business which successfully penetrates a foreign market can have a tremendous impact on the "host" country. It can influence the number of people who get jobs as well as the quantity of products a country produces.

Your teacher will now divide you into groups of five. Each group will receive five role descriptions and each member will receive a background information sheet. This information refers to Cummins' activities in Mexico. Read your role description and the background information sheet. Then participate in a meeting as conducted by the Executive Secretary of the National Commission on Foreign Investment. In the meeting be sure to act as though you are the person whose role description you have. After you have finished the meeting, fill in the questions on the background information sheet for round 1.

When you have completed the round, wait for additional instructions from your teacher.

****

The statements below were made by the employees in the Cummins Mexicana office in Mexico City, Mexico. They reflect the attitudes which these people have about the development of the company and penetration of Mexico. Read each statement carefully. Then decide how successfully you think Cummins has penetrated Mexico.

> "The objective is to integrate DINA, and this is their desire too, to become integrated as a full fledged member of the Cummins family and by that I mean a family of integrated production units throughout the world. And so I am quite sure that I and my staff are really DINA people. We are here to work with and for DINA. We're here to speak for DINA. We are not Columbus people or Darlington people here on a temporary assignment, looking to the protection of the supplying plants. We are here to demand the best for DINA and to see that they get it."

> "Here in Mexico we have what we consider a social-moral obligation to the government because they have thrown themselves totally behind our program. And they have no other diesel engines. So, we feel in the case of Mexico, and there are a few other cases, where above and beyond economic return on investment, you have to look at the morality of the thing. So, it's a combination of return on investment mixed in with morality and company policy."

"You need to understand particularly national pride. You need to understand that there is a culture here, perhaps older than our own. You need to be aware all the time that you are dealing with professional management in DINA and you need to avoid at all costs talking down to them, trying to give them the impression that, well, we really know better."

"We can't just come down here and spend 3 to 5 years down here and not go away without helping to upgrade these people and training and developing them. So we have to know their nature and their background a little bit and to try to take advantage of their strengths as well."

"To succeed here we need to know the people in DINA management who are really the policy makers. We need to know key figures in local industry. We need to know political students of the political situation. There's an economic issue here surrounding the election of the new president every six years. We have seemingly 4 years of excellent trade followed by 2 years of average trade. We have to be aware of this and gear to it."

"You have to know the motivators. The motivators are the real enthusiasts of the progress of Mexico, the read patriots, the people who really wish to see Mexico succeed in this world, the people without too much political or national bias, the natural leaders of industry."

Discussion Questions

1. What are the most important concerns of these people?

2. To what extent are the people members of the Cummins system?

3. To what extent are these people also members of the political system of Mexico?

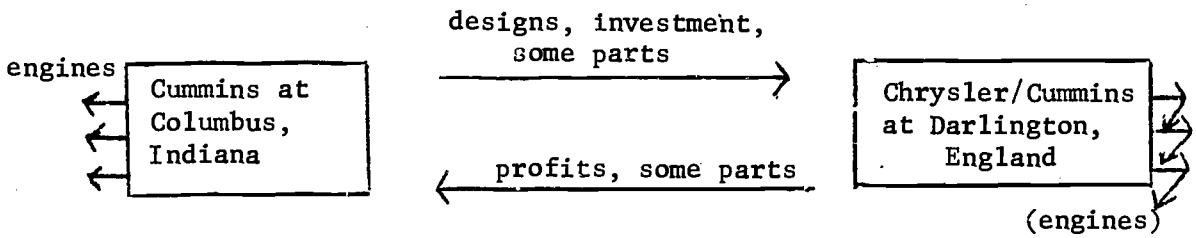
4. How successful do you feel Cummins will be as it operates in Mexico? Why?

5. What relationship seems to exist between penetration and political development?

Penetration is of crucial importance to growing political systems. Their ability to continue growing depends upon the successful penetration of other market areas and political systems. At Cummins, the planning and successful mobilization would be wasted if the management was not sensitive to penetration. Rejection from a "host" country like Mexico could make it difficult for Cummins to expand in other areas of Latin America. In order to remain active in various parts of the world, Cummins must cooperate with a variety of governments and become sensitive to many different cultures.

Cummins, Darlington and DINA

Twenty years ago Cummins built all its engines entirely in the United States. Then in 1957 it began purchasing plants in Great Britain. One plant, at Darlington was a cooperative arrangement by Cummins and Chrysler Corporation. The relationship between Cummins in Columbus and the Chrysler/Cummins plant at Darlington, England can be illustrated by the following diagram:



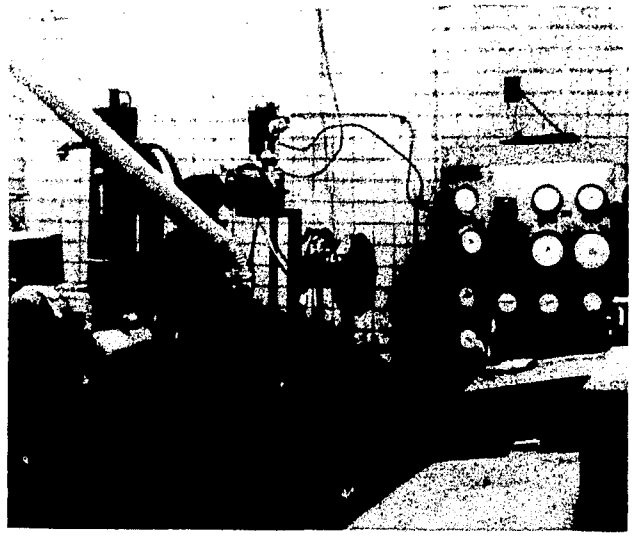
Is this an example of penetration? Why or why not?

In 1963, Cummins signed an agreement with a Mexican company, Diesel Nacional (DINA).

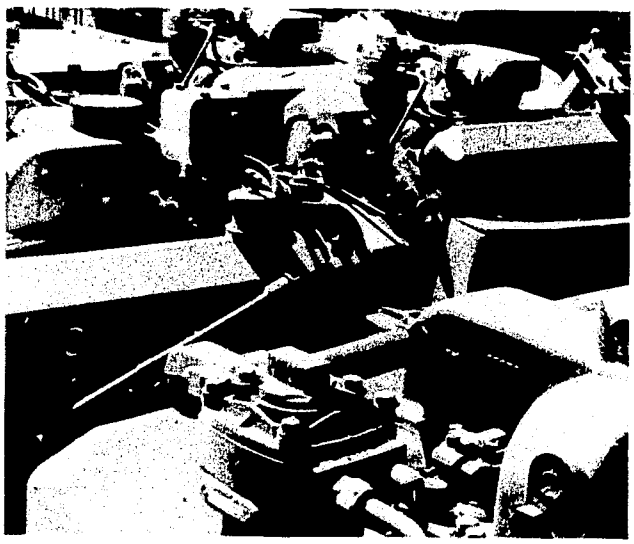
DINA produces trucks, buses, and many other kinds of vehicles. DINA is controlled by the Mexican government. In the 1950's it wanted to cooperate with another company that could produce engines for its buses and trucks. The first deal DINA made (with Fiat) did not work out very well, and in 1963 DINA signed an agreement with Cummins. Fiat was told to leave Mexico.

Asked why Cummins wanted to go to Mexico, a Cummins official responded:

> "Well, I think an American company moves to any foreign country principally to take advantage of the market there. What we did locally was to work a deal with Diesel Nacional to build, which means to assemble, the small V-engine here in Mexico.

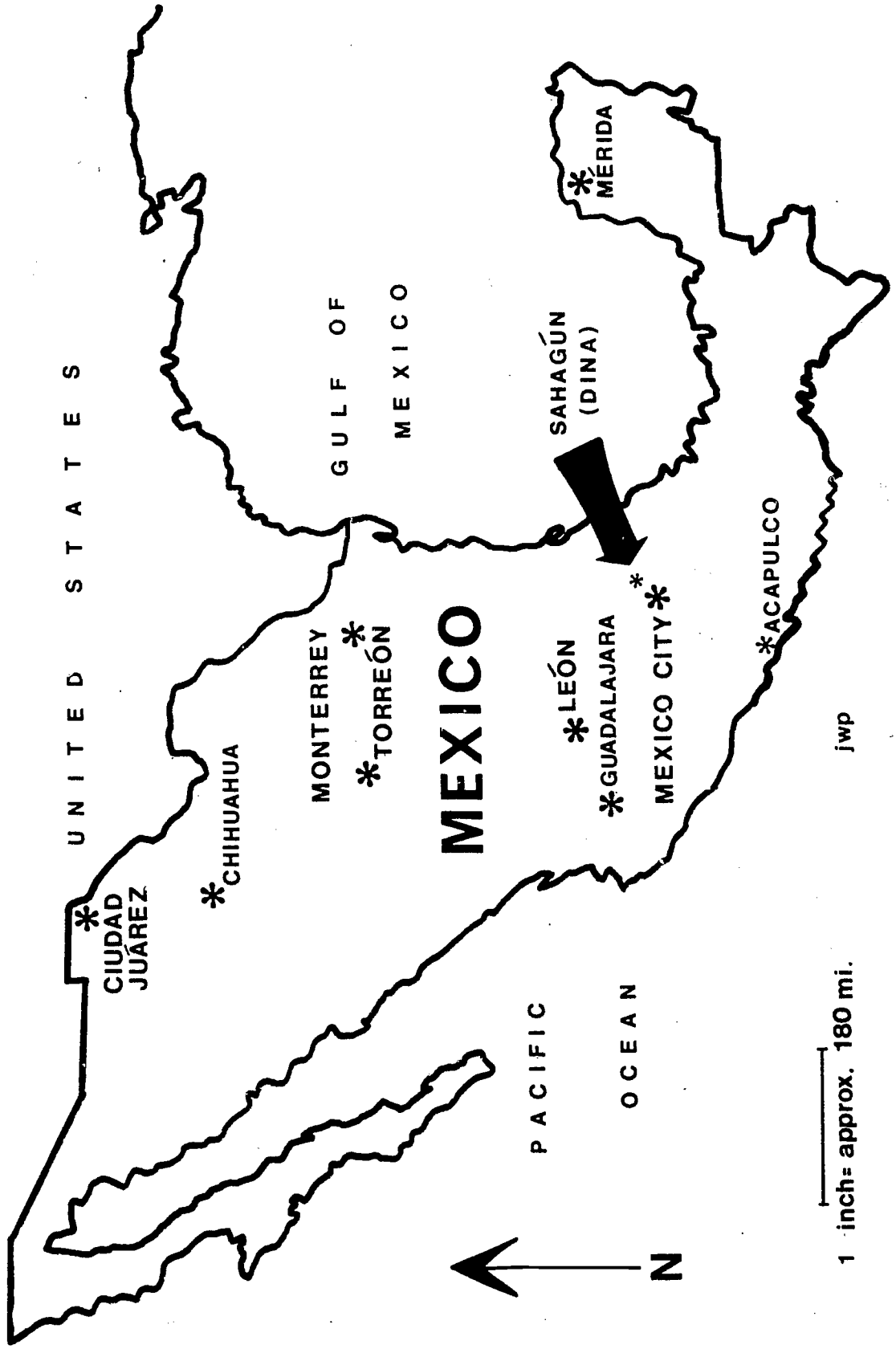


Assembling and testing engines at DINA



A Cummins engine assembled at DINA

A bus built at DINA


UNITED STATES
GULF OF MEXICO
MÉRIDA
SAHAGÚN (DINA)
CIUDAD JUÁREZ
CHIHUAHUA
MONTERREY
TORREÓN
MEXICO
LEÓN
GUADALAJARA
MEXICO CITY
ACAPULCO
PACIFIC OCEAN
N
1 inch= approx. 180 mi.
jwp

"That was in 1963. In 1967 we increased the program to build another model of the engine which is built in Columbus, Indiana.

"So what this really amounts to is we saw this as an attractive market. We saw an opportunity to come in and we chose to come in with the Mexican government company, which is really a good deal as long as you can get along well with that particular company."

In the words of another Cummins official:

"Cummins is in Mexico to work with DINA to provide engines for trucks, buses, tractors, boats, and some other machinery.

"The actual manufacture is in the hands of DINA, a Mexican government enterprise. For one family of engines, the small V, DINA buys kits largely from the Cummins plant in Darlington, England. DINA adds some local parts to that. They then produce the smaller V-engines, sell them, and service them. This is their own industry, and our only tie is through technical agreement. For the other engine, the situation is different. These are only assembled by DINA. We send kits to them from the U.S. and they put them together."

The DINA plant is an active place, and it is important to Cummins.

A Cummins official from England describes what he does in

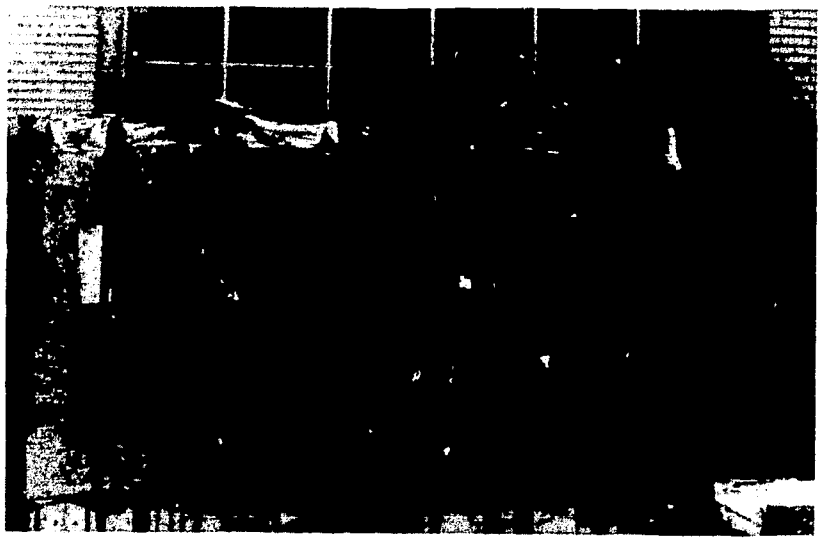
Mexico to help DINA:

> "We provide technical expertise. A small staff, gathered from producer plants - Darlington, in England, and, particularly, Columbus in the USA - protects DINA from having to re-invent the wheel in the case of problems. So we use the technical advisers to provide solutions to many of the problems which are new here. DINA is happy to adopt the systems and procedures that Cummins has developed over the years which are peculiar to the diesel engine business."

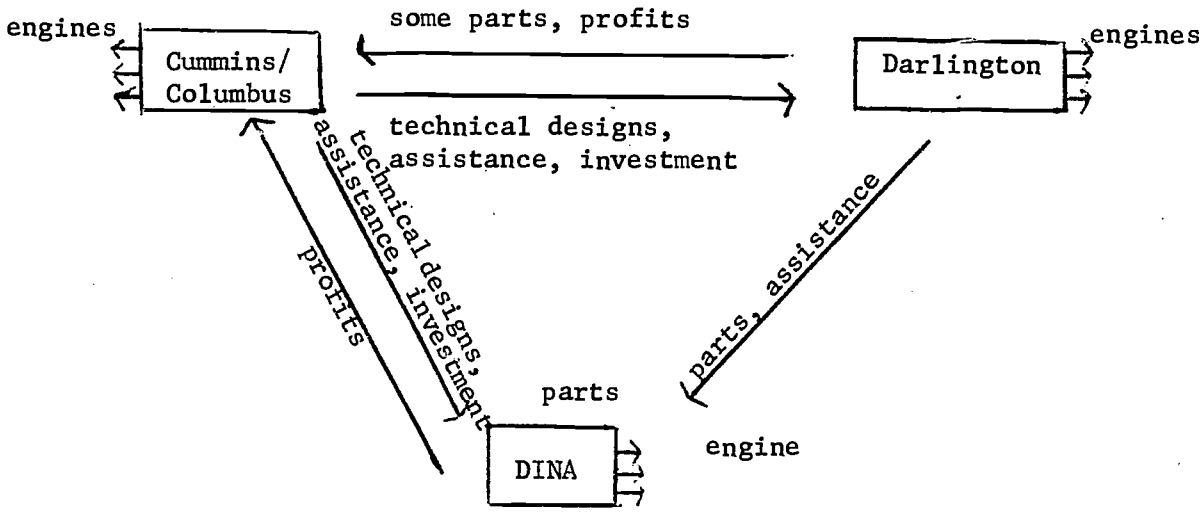
Today, Cummins works with DINA to sell engines in Mexico. In the future, Cummins expects that DINA will make parts for Cummins factories in other parts of the world.

> "We see no reason why we should not build engines in other parts of the world in the future, from components made in Mexico. We build engines at the moment in Columbus, for instance, from parts produced in Japan, in India, in England, in Scotland. Columbus tends to specialize in the very critical areas of fuel injector systems."

Cummins sends some kits of parts to Mexico from Darlington. It sends other kits of parts to Mexico from the U.S., such as the box below that was sent from Columbus, Indiana to Vera Cruz, Mexico.

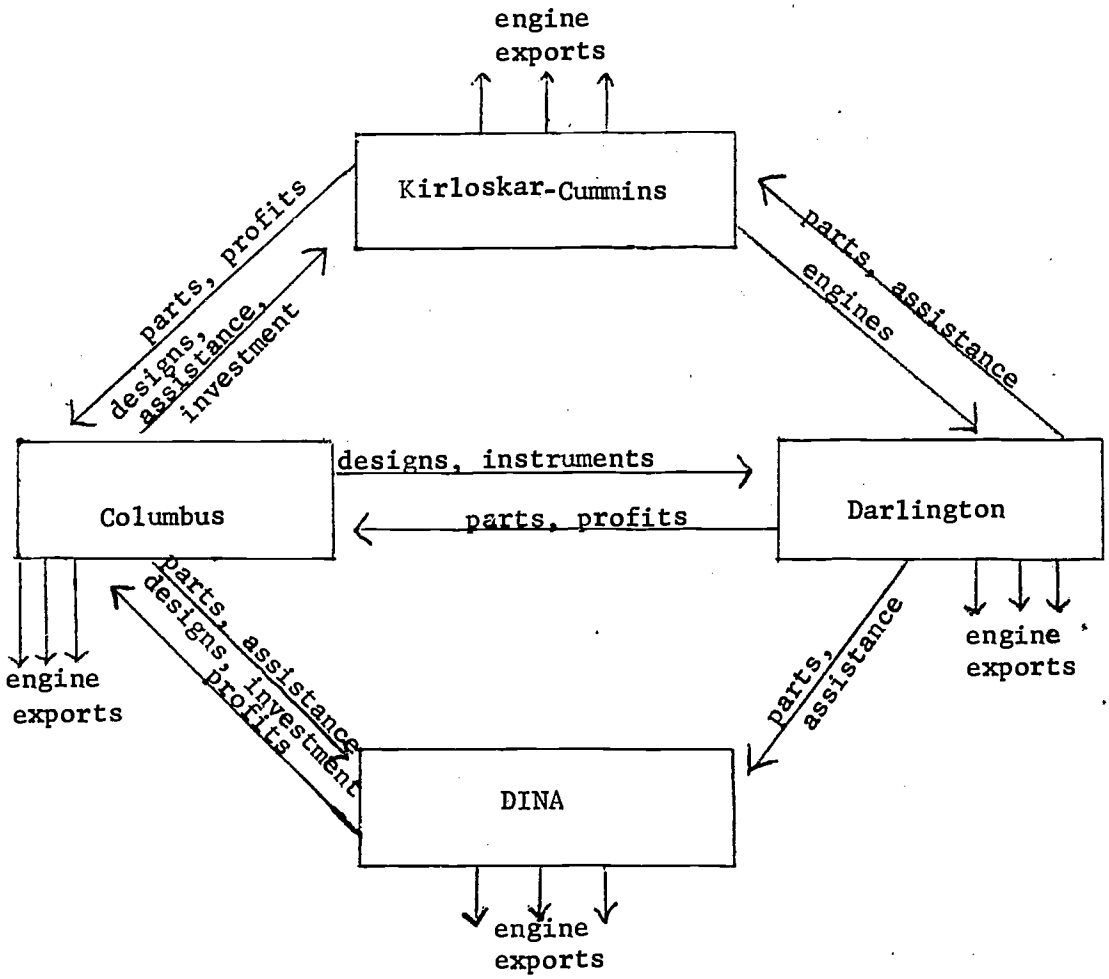


The relationships between Cummins in the U.S., the Mexican company DINA, and Cummins operations in England can be illustrated by the following diagram:



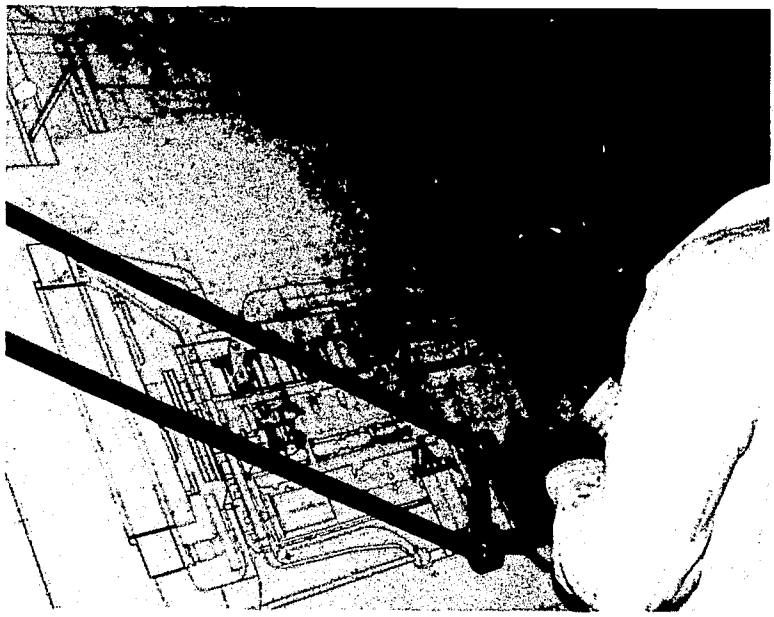
More Expansion

As the Cummins map you saw earlier in this unit suggests, Cummins has many connections throughout the world. The connections between DINA and Cummins in Columbus and Darlington is just one part of the Cummins network. Another company in the network is Kirloskar-Cummins in India.



Construction of a new building at Kirloskar-Cummins

Production workers cover a
new piece of equipment with flowers



Drawing a plan for a
new diesel engine

In order to work with the Indian company, Cummins had to obtain permission from the Indian government. As in Mexico, Cummins had to be sensitive to the demands of the Indian government. Kiloskar-Cummins is not owned by the national government. However, it must abide by Indian government regulations on the activities of foreign companies in India. Even if these regulations create problems for Cummins, it must obey them. Also Cummins must consider the opinions of the managers of Kirloskar-Cummins.

For example, any Indian company half of which or more is owned by a foreign company must be sure to export 20% more than it imports. If it imports 100 engines from Darlington, Kirloskar-Cummins must export 120 engines from India. The regulation helps the Indian economy. Cummins must be aware of this regulation and be careful to obey it. Otherwise, the Indian government can break the agreement and prevent Cummins from cooperating with the Indian company, Kirloskar-Cummins.

Of course, Cummins must demonstrate willingness to work with Indians. This includes learning new languages, respecting new customs, and allowing trained Indians to fill their positions as experienced managers. Unlike DINA, Kirloskar-Cummins no longer has no Americans on its staff. All its management is Indian.

Following is a short case about political development in the country of Mexico. Read the case carefully and identify examples of penetration.

Mexico and The Party

After seven years of fighting (1910-17) to throw off the yoke of one-man rule, one man, Venustiano Carranza, had become the dominant political force in Mexico. The Revolution which aimed to overthrow military dictatorship had finally ended with the victory of a general supported by his soldiers' bayonets.

From 1917 until the late 1920's Mexico's rulers -- Carranza (1917-20), Alvaro Obregon (1920-24), Plutarco Calles (1924-28) -- were military leaders, who maintained power through coercion and charisma. However, their dictatorships had a changed social base and new goals, which made them strikingly different from the elitism of PorfirionDiaz. Many of the rich landowners and businessmen who had supported Diaz had been stripped of their wealth and power. The church and its leaders, who had supported Diaz strongly, were out of favor.

A new elite group had emerged, which included representatives of the peasants and industrial workers as well as the army, the rich landowners, and the businessmen. The goals of the new elite included these reforms: (1) better working conditions and more pay for factory workers and miners; (2) distribution of land to the peasants; (3) limitation of influence and profits of foreign businessmen, especially those from the USA; (4) development of a public education system available to all the people.

The dictators of this period meant to impose social and economic reforms which they and their elite group of leaders considered best for the country. Their programs called for changes to help the peasants and factory workers while maintaining to a large extent the wealth and influence of rich landowners and businessmen who were willing to support the regime.

While less than desired by many who had fought for the Revolution, these attempted reforms signalled the unleasing of pressures which had begun to transform Mexican political life. The stage had been set for the emergence of strong new political forces.

In 1928, President Calles called for the creation of a single political party which would carry the barrier of The Revolution and include the various groups needed to build a new Mexico with more social equality and justice for previously disadvantaged groups. Through this Party of the Revolution (Partido Nacional Revolucionario), political life would become independent of the force and charisma of particular individuals. The Party and its continuing goals would become more important than heroes and their fleeting aims. Orderly transfers of power through established procedures would replace

succession to power through violence.*

Although Calles led the organization of the Party, Lazaro Cardenas, President of Mexico from 1934-40, initiated changes which resulted in the solid establishment of the Party's domination. Cardenas encouraged large-scale development of public schools in order to spread the benefits of education. He stimulated industrial growth and development, so that more of Mexico's natural resources were used efficiently. National productivity and income began to grow significantly. The fruits of industrial growth began to be distributed more farily.

President Cardenas also led a reorganization of the Party in 1937, so that basic national interests would be represented through groups, or sectors. There was a Labor Sector, a Farm Sector, a Military Section, etc. The Party began to look and perform as it does today, except that Cardenas, as President and Party chief, exercised much more power than the President or any other individual does in Mexico today. The membership of the Party was expanded vastly, so that more and more common people could participate. To symbolize his Party reorganization, Cardenas changed its name to Partido de la Revolucion Mexicana (PRM).

Cardenas and his reorganized Party broke the power of local political bosses (caudillos), who flourished during most of Mexico's history. These caudillos led small-scale elite political systems in their local areas. The caudillos were the unquestioned bosses of their territories. Most were tyrants. Through coercion and bribery, the national leader (whether

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*Both Carranza and Obregon were removed from political life through assasination.

Diaz, Carranza, Obregon, or Calles) would try to influence the local caudillos to support his regime. However, the spread of education and wealth to more people and the new organized power of the Party undermined and destroyed the caudillos.

When Miguel Aleman became President in 1946, the Party had become the unquestioned dominant political force through which interests were channelled and resources allocated. To symbolize this development, the Party was reorganized again to broaden its base of popular support and was renamed the Partido Revolucionario Institutional (PRI).

Power had become concentrated in the government and PRI in the following way: the President and his chief administrators controlled the national government, the national government dominated the various state governments, which in turn controlled the local governments. The President and other top leaders of the national government also were the top leaders of the Party. Through these centralized organizations of the Party the leaders of the national government could issue and enforce orders. The Party also was the channel for expression of popular demands and the resolution of conflicts between interest groups.

The development of The Party was connected to development of the whole Mexican political system. The bureaucratic political style, as described above, become more and more strongly established.

Discussion Questions

1. What type of political system characterized Mexico after 1920?

2. How did the system change?

3. What examples of penetration did you find in this case?

4. How did penetration promote development?

ACTIVITY FOUR: WHO CONTROLS MY JOB?

"Interdependence" is an idea which can greatly affect development. Recently, many politicans, business people, government officials, and newspaper columnists refer to our world as becoming more and more "interdependent." What does this word mean? How can interdependence be identified?

The word INTERDEPENDENT comes from two other words. Putting these words together may give you some ideas about what "interdependent" means.

"Inter" means "between."

"Dependent" means "to be controlled or influenced by someone else."

Things that are interdependent rely on each other. An interdependent world is a world in which nations all influence and control <u>each other</u>. Interdependence means that political units <u>have</u> to work together to get things done.

In order to identify examples of interdependence and describe them, it is useful to ask all of the following 4 questions. An example is given for each question.

1. Are the political units affected by the same important situations?

   India, Kenya, and the U.S. all have a shared interest in cheap energy. None of the nations even though they are on 3 different continents, wants to pay a lot for energy. For example, many countries are affected by the rising price of fuel.

2. Is there some important link between the political units? A link is a channel for communicating or exchanging resources.

   A good example of a links exist between the United States and Canada. The two countries sell things to each other. People freely cross the borders, and news travels easily between the U.S. and Canada. There are strong financial, transportation, communications, and social links between the U.S. and Canada.

3. Can 1 unit control the relationship it has with the others?

   The United States and Western Europe each can influence the other, but neither area can now control the other. For this example, the answer to this question is "no".

4. Can 1 unit ignore all the others? In other words, can 1 group avoid being influenced in important ways by others?

   Some nations can ignore each other. Denmark can ignore Chad. Chad can ignore Panama. Some nations cannot ignore each other. The U.S., for example, cannot ignore Mexico, because they are neighbors and have important links between them.

Each of these 4 questions is important for determing if political units are interdependent. For the U.S. and Western Europe there is a strong link, both areas are affected by the same important situations, one cannot control the other, and neither can ignore the other. The U.S. and Europe are interdependent. What about Panama and Chad? They can ignore each other, and there are no strong links between the two countries. They are not interdependent.

On the next page is a chart. In the first column are sets of actors. The other columns each allow you to answer the 4 questions you have just read. Read each example carefully. Then respond to the questions in the columns to the right of the example. Based on your responses, indicate whether you have identified an example of interdependence by marking "yes" or "no" in the final column.

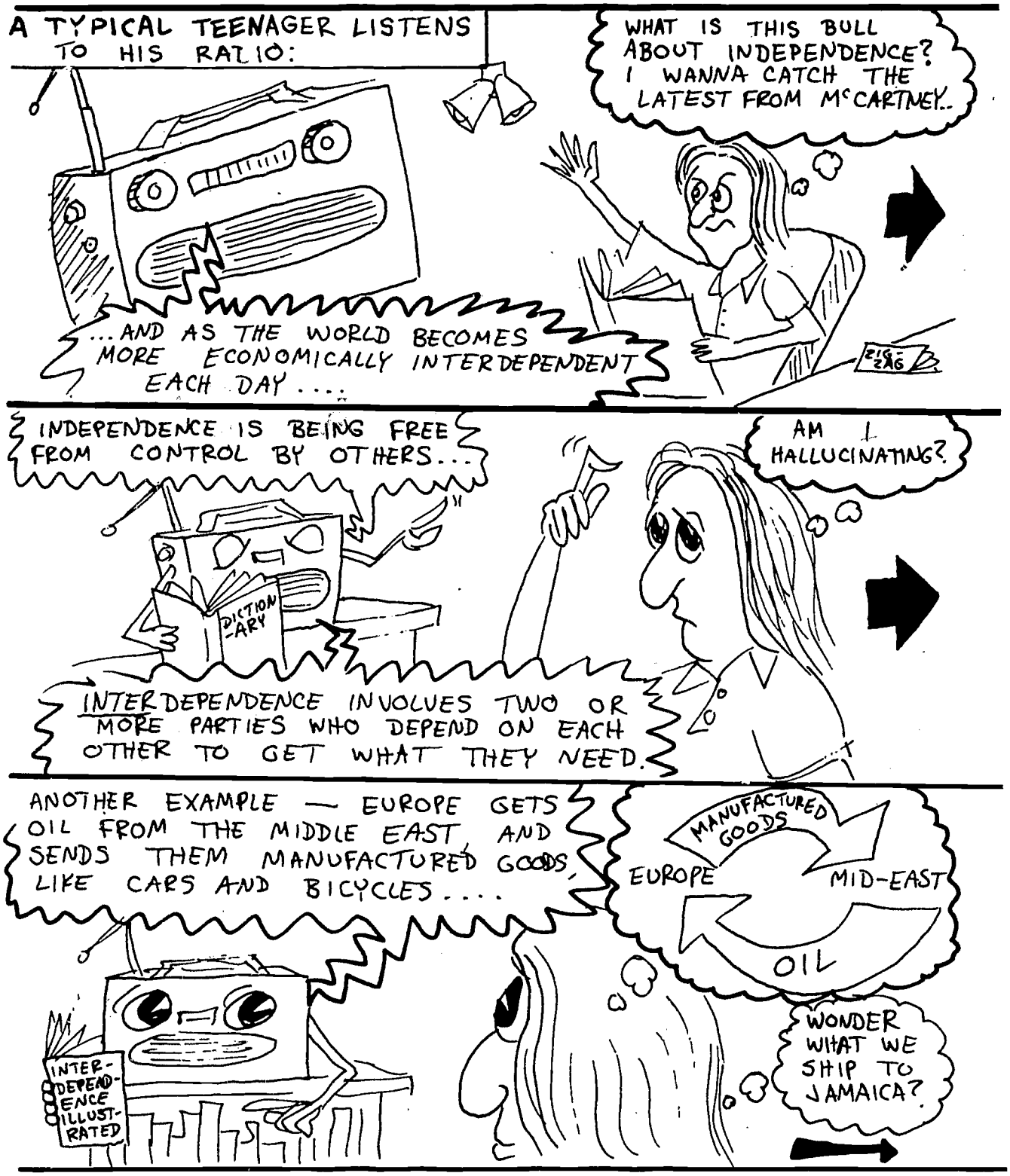
	What situation affects both systems?	What is the Link?	Can one control others?	Can one ignore others?	Interdependence?
Example: U.S. and South Vietnam in 1970	Fight Communism	U.S. aid programs	Yes (U.S. can control its relationships with South Vietnam by Stopping aid)	Yes (the U.S. can pay no attention to the collapse of South Vietnam in 1975)	No
Example: U.S. and Cuba in 1963	Avoid war	None	No	No	No
Example: U.S. and Western Europe	Avoid war, Economic prosperity	Trade, Communication diplomatic ties belong to NATO	No	No	Yes
Case 1: a. Fireman steering front wheels of a long fire truck b. Fireman steering rear wheels of the same long fire truck (the kind that has 2 steering wheels)					
Case 2: a. Car dealers in Canada b. U.S. factories that design cars for Canada					

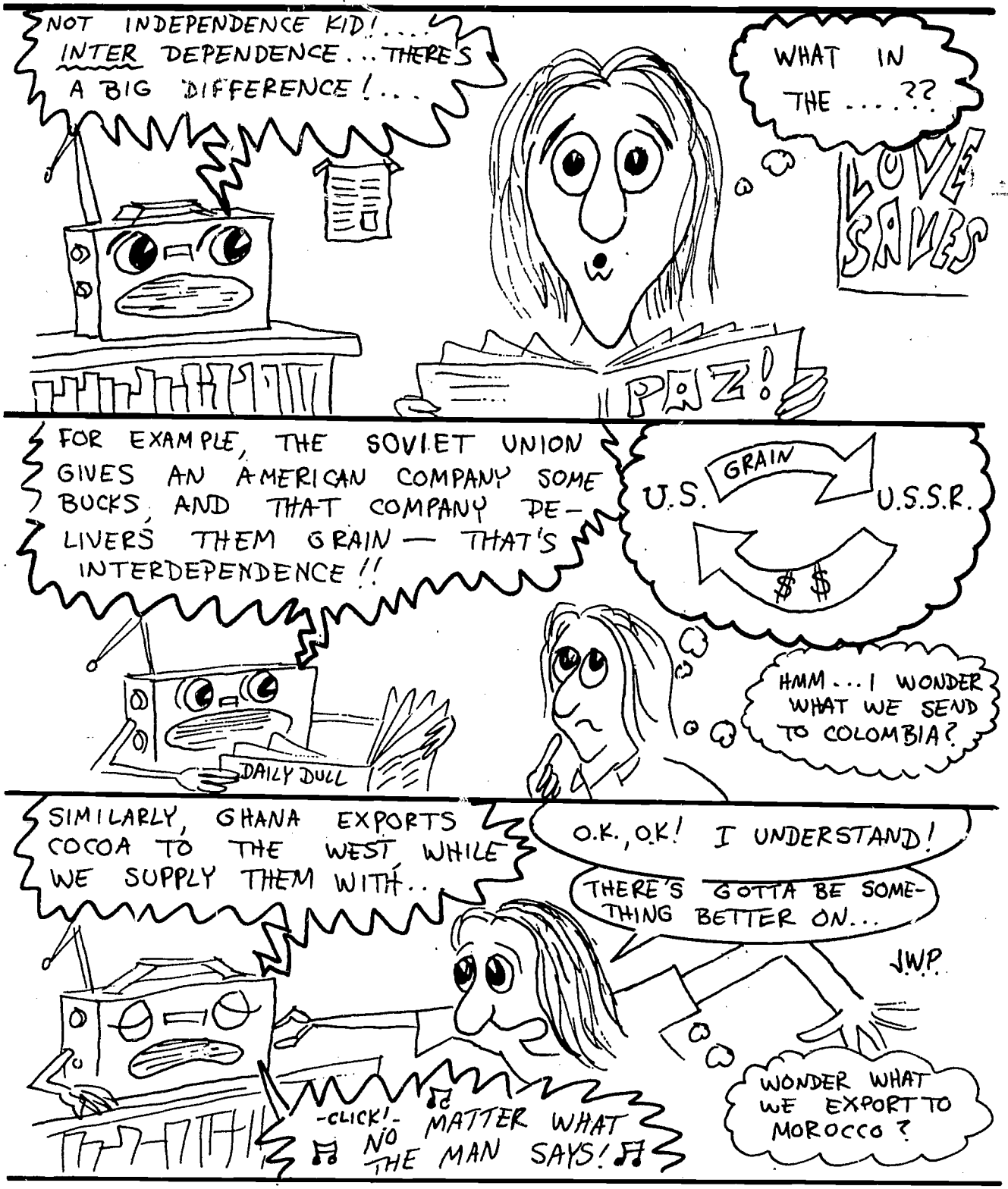
	What situations affect both?	What is the Link?	Can one control others?	Can one ignore others?	Interdependence?
Case 3: a. Basketball player in Peru b. Hockey players in Quebec					
Case 4: a. Mexican truck company that uses U.S. engines b. U.S. company that makes engines for Mexico					
Case 5: a. A Pennsylvania steel plant that pays state taxes, employs many workers, and pollutes the air b. The Pennsylvania state government, which wants clean air but needs tax money and jobs for its citizens					
Case 6: a. Families starving in Ethiopia b. Farmers growing coffee in Brazil					

	What situation affects both?	What is the link?	Can one control others?	Can one ignore others?	Interdependence?
Case 7:					
a. An oil nation that charges more for oil because it has to pay more for cars and machines from Japan					
b. Japanese auto companies, which need foreign oil for their factories and raise car prices because oil costs them more					
Case 8:					
a. A major league baseball team					
b. A minor league baseball team owned by the major league team					

In the list you have worked on there are many kinds of examples. One organization can control other organizations in some examples but not in the other examples. In some cases one organization can ignore the others. In some cases the link is very strong and important; in others the link seems very weak. Not all of the sets are examples of interdependence. Which sets seem to you to be the best examples of interdependence?

On the next page is a cartoon. Consider what the radio has to say about interdependence. Are the examples given by the radio good examples of interdependence?


A TYPICAL TEENAGER LISTENS TO HIS RADIO:
WHAT IS THIS BULL ABOUT INDEPENDENCE? I WANNA CATCH THE LATEST FROM McCARTNEY..
...AND AS THE WORLD BECOMES MORE ECONOMICALLY INTERDEPENDENT EACH DAY....
ZIG-ZAG
INDEPENDENCE IS BEING FREE FROM CONTROL BY OTHERS...
DICTION-ARY
AM I HALLUCINATING?
INTERDEPENDENCE INVOLVES TWO OR MORE PARTIES WHO DEPEND ON EACH OTHER TO GET WHAT THEY NEED.
ANOTHER EXAMPLE — EUROPE GETS OIL FROM THE MIDDLE EAST, AND SENDS THEM MANUFACTURED GOODS, LIKE CARS AND BICYCLES....
MANUFACTURED GOODS
EUROPE
MID-EAST
OIL
INTER-DEPEND-ENCE ILLUST-RATED
WONDER WHAT WE SHIP TO JAMAICA?


NOT INDEPENDENCE KID!... INTER DEPENDENCE... THERE'S A BIG DIFFERENCE!...
WHAT IN THE....??
LOVE SALES
PAZ!
FOR EXAMPLE, THE SOVIET UNION GIVES AN AMERICAN COMPANY SOME BUCKS, AND THAT COMPANY DE-LIVERS THEM GRAIN — THAT'S INTERDEPENDENCE!!
U.S.
GRAIN
U.S.S.R.
$ $
DAILY DULL
HMM... I WONDER WHAT WE SEND TO COLOMBIA?
SIMILARLY, GHANA EXPORTS COCOA TO THE WEST WHILE WE SUPPLY THEM WITH..
O.K., O.K! I UNDERSTAND!
THERE'S GOTTA BE SOME-THING BETTER ON...
J.W.P.
-CLICK!- NO MATTER WHAT THE MAN SAYS!
WONDER WHAT WE EXPORT TO MOROCCO?

Many people suggest that businesses such as Cummins have become interdependent with the nations in which they operate. The following case illustrates the relationship between Cummins Engine Company and Mexico. Read it carefully. As you do think about the following questions:

1. Are Cummins and Mexico affected by the same situations?
2. Is there an important link between these 2 political units?
3. Can one political unit control the relationship it has with the others?
4. Can one political unit ignore the relationship it has with the others?

Back in the 1940's a worker at Cummins knew that he might lose his job if sales dropped in the U.S. As long as the U.S. market was strong, however, the worker was likely to keep working at Cummins. Interdependenct with foreign nations and markets has made the worker's situation more complicated.

For example, the Mexican goverrment company DINA needs many parts for engines from Columbus. Even if business is bad in the U.S., many workers in Columbus might be kept busy making parts for Mexico. A worker at Cummins in Columbus noted that:

> "This foreign stuff is good for us, because it means we have more work to do."

Suppose, however, that there is a strike at the DINA plant in Mexico? A strike could mean that DINA would not produce engines for weeks. Or suppose that DINA produces too many buses and trucks and because of poor planning, has to reduce production until those items are sold? DINA would not need new parts from Cummins. The result could be that some U.S. workers would have nothing to do and might be laid off. The strike or planning error happens in Mexico, yet it affects a job in Indiana.

Consider the situation from the viewpoint of an English worker at Darlington. Many Darlington workers are involved making engine parts for Mexico's DINA. Without DINA those people might not have jobs at all. Should the political situation in Mexico force DINA to reduce production, a number of families in England would be directly affected.

Consider the situation from a DINA worker's position. Through its agreement with Cummins, this Mexican company can make good engines. It assembles Cummins engines from parts sent from Columbus, Indiana and Darlington, England. DINA employs a lot of people to assemble Cummins engines. In the future, it will employ even more. If, however, Cummins makes a design error at Columbus, Indiana and then has to stop building engines until that error is fixed, a lot of Mexican workers may be unemployed. Should there be a strike at Darlington, or a strike in Columbus, or a strike by dock workers in England, what happens? Many DINA workers will have nothing to do. Mexico's DINA has virtually no control over these situations, yet they affect many Mexican workers. The head of the Cummins office in Mexico sees this as a real problem.

> Sometimes decisions must be made by Cummins that help one area but hurt another area. For instance, Darlington makes crankshafts for engines it assembles. They promise DINA many of these crankshafts. If they send DINA what they promise there will not be enough to keep in Darlington. Here is a conflict. Do we reduce the output at Darlington, and deny Englishmen jobs, in order to keep the promise of supplies of this component to DINA, or do we deny DINA and perhaps lose business, if not jobs here, in order to maintain the status-quo in Darlington? Questions like this have to be considered very, very carefully, and I can assure you that there is no bias.

Interdependence for Cummins seems to mean that it can sell more engines and operate in more places. However, because of

interdependence, Cummins can be affected by many events beyond its control. On one hand, workers have more to do; on the other hand, people may lose jobs because of an event in a distant country.

After you have comple d reading this case, study the questions listed below. They appeared at the beginning of the case.

1. Are Cummins and DINA affected by the same situation? If so what is it?

2. Is there an important link between these 2 political units? If so, what is it?

3. Can one political unit control the relationship it has with the other? Explain your answer.

4. Can one political unit ignore the relationship it has with the others? Explain your answer.

5. Do you think Cummins and Mexico are interdependent?

Interdependence and Penetration

Based upon a 1963 agreement with Diesel Nacional and the Mexican government, Cummins Engine Company began to supply DINA with over one half of the engine parts. The DINA factory makes trucks, buses, and construction equipment independently of Cummins. However, its engine plant makes over 90% of the diesel engines used in Mexico. It makes only Cummins engines. In order to have this agreement approved, Cummins had to meet strict requirements of the Mexican government. In allowing a foreign company to enter Mexico the Mexican government evaluates the benefits that country will receive as a result. To penetrate the Mexican market, Cummins had to show it provided new technology not available in Mexico. It had to provide Mexico with excellent quality parts and to create jobs in Mexico for assembling the parts.

The government has an interest in DINA, because it wants to protect DINA from becoming controlled by a foreign company. To enforce this protection, the Mexican government demands a great deal from foreign companies. For example, a foreign company must agree to obey all Mexican laws. If they break these laws, they will be prosecuted by Mexican courts and not by the courts of their home country. Therefore, if Cummins violates Mexican laws, it must pay any penalty demanded by the Mexican government. Refer again to the round 1 role descriptions of the National Secretary National Commission on Foreign Investment

and the Minister of Industry and Commerce.
They indicate the regulations which govern the operation of Cummins Engine in Mexico. If the government at any time feels that Cummins violates these regulations, it can demand that Cummins leave the country.

Like many other companies, Cummins cooperates with a Mexican firm. However, DINA, the company which Cummins cooperates with is completely owned by the Mexican government. This gives the Mexican government reasons to have an interest in DINA. The government works closely with DINA. It helps decide such things as the number of engines produced at DINA and has the power to fire all of the managers at the company. Since Cummins works so closely with DINA it must try to maintain good relations with the Mexican government. The better its relations with the government, the better its relations with DINA. The past general manager of the Cummins office in Mexico described Cummins relations with the Mexican government.

> "We are in a very touchy situation here. There are presidential elections every four years in Mexico. Each president has the authority to appoint and to fire any DINA managers. For whenever you have a new president, you can possibly have a whole raft of new people to deal with at DINA. Also, a new president might see our realtionships with DINA in a different way than the past president.

> A number of years ago, the Mexican government told Fiat they didn't want to do business with them anymore. Fiat was out. If you don't get along with the government you might wind up out on the street."

Because Cummins decided to expand its interest into Mexico, it now pays careful attention to political activity in that country. As the general manager of the Cummins office points out, electoral politics in Mexico is of vital importance to Cummins Engine Company. Having penetrated the Mexican market, Cummins must be responsive to political life. In order to continue making a profit and to provide jobs for Americans, Cummins needs to keep its relationship with Mexico.

Having arranged an agreement with Cummins, the Mexican government must now be equally responsive to the needs and interests of the company. Before the agreement in 1963, Mexico did not need to concern itself with the far off engine company in Columbus, Indiana. Today, however, Mexico depends on Cummins diesel engines to power many of its trucks. The shipment of food and fuel throughout the country is highly dependent on the trucking industry. Since so many trucks have Cummins engines in them, Mexico has become extremely dependent on Cummins. It has taken over ten years to develop the capability to manufacture the needed engines for the Mexican market. Now that Mexico has that capability, it is able to manufacture enough engines to equip as many trucks

as need them. In fact, they even hope to export some engines to other countries in Latin America. This brings Mexico additional income.

As Cummins penetrates and becomes interdependent with foreign companies, like DINA it needs new resources. Cummins needs people who speak Spanish perfectly - both Latin Americans and U.S. citizens. It needs people who can work well with Mexicans and Indians. It needs people who know much about the markets in those countries and in neighboring countries. It needs people who can live happily in other countries.

Also, Cummins needs to devote more of its resources to the problems of coordinating all its activities. If parts made in England do not fit with parts made in Mexico, the company will lose money. If a new design is not properly built in England, or India, or Mexico, that will hurt the company. In the old days, Cummins needed to worry about quality control only in the U.S. Now it must pay careful attention to quality in many other places. That job requires people and new levels of organization.

There is just much more to know now. One or two Cummins managers cannot possibly have all the abilities, knowledge, or time to properly run the company. More people are needed. More decisions have to be made away from Columbus. The result is that the old elite arrangement is no longer suited to the needs of the new bureaucratic company.

Discussion Questions

1. List 3 examples of penetration from the preceeding case.

   A. _____

   _____

   _____

   B. _____

   _____

   _____

   C. _____

   _____

   _____

2. List 2 examples of interdependence from the preceeding case. Explain each example in terms of the 4 study questions used to explain interdependence.

   A. _____

   _____

   _____

   B. _____

   _____

   _____

3. What does interdependence do to Cummins?

   _____

   _____

   _____

   _____

Following is a case which focuses on political development in the old democratic political machine in New York City. Read it carefully. As you do look for examples of interdependence.

* *

"The fact is New York politics were always dishonest - long before my time. There never was a time when you couldn't buy the Board of Aldermen. A politican in coming forward takes things as they are. This population is too hopelessly split up into races and factions to govern it under universal sufferage, except by the bribery of patronage, or corruption."

William Marcy Tweed

From 1855 until 1870, William Marcy Tweed dominated political life in the city and state of New York. He became the first political boss in American history and perhaps one of the most corrupt. By paying off his friends and bribing his enemies, Tweed openly used the city treasury to stay in power. In order to prevent newspapers from attacking him, he bought their silence with advertising. Between January 1869 and the first half of 1871, the Tweed organization paid New York City newspapers nearly 3 million dollars out of the city treasury. As unquestioned leader of the Democratic Party in New York County, Tweed even bought the friendship of his opposition, the Republicans. At one time 59 leaders of the Republican Party received funds from the city directed to them by Tweed. Though Tweed himself was eventually

forced from power in late 1871, he had succeeded in establishing a Democratic political machine known as Tammany Hall.

The Roots of Tammany

Before American independence many patriots established social clubs. To symbolize their opposition to British rule, they adopted the name Tammany. Tammany referred to an Indian legend. The legend said that a Chief Tammany had saved his people by defeating the Evil Spirit in several battles. Nearly all Tammany clubs died after the colonies achieved independence. Shortly after George Washington was inagurated as first President of the United States, a group of New Yorkers formed one such social club called the Tammany Society. Tammany Hall in New York was one of the only clubs which survived after independence. Guided by William Tweed, it became the most powerful political force in the city.

Tammany Hall controlled the Democratic Party which dominated New York politics until 1937. The organization used several methods of control. First, it used its influence within the Democratic Party to determine who would become elected to the office of Mayor. Secondly, working closely with district leaders throughout the city, Tammany Hall dispensed city jobs in return for votes. In this way, the machine leaders insured the election of Democratic candidates throughout the city. Thirdly, the leaders of the machine made certain that most political appointments were filled by people who would serve the Tammany organization. The machine gained further strength by its attempts to control the governorship of the state. Additionally, members of the Tammany organization were often elected to the state senate and house of representatives.

Throughout the 1920's it seemed as though the machine would continue to have unquestioned control of the Democratic Party in New York City. However, this political dominance slowly began to change. During the 1930's John F. Curry was the leader of the Tammany organization. He worked closely with Mayor Walker, whom the machine had put into office. Unlike the leaders who had gone before him, Curry allowed his personal feelings toward other political leaders to guide his action. He seemed a poor organizer when compared to William Tweed and others who had led before him.

Curry often publically opposed Eddy Ahearns, powerful chief of New York's fourth district. Ahearns had always opposed Curry's leadership and one day hoped to replace him. In order to make Ahearns unpopular in his own district, Curry attempted to limit the number of city jobs allotted to the fourth district. Despite the fewer number of jobs offered to them, citizens of the fourth district remained loyal to Ahearns.

At the same time as the split in the Tammany organization, large numbers of Jews and Italians moved into New York City. They settled in districts which had been mainly occupied by the Irish. As the immigration continued, Tammany Hall constantly replaced Irish district chiefs to attract the growing number of Jews and Italians. By constantly shifting district chiefs, the machine loosened its grip on many areas of the city.

Several other factors further weakened Curry's leadership position and caused the weakening of the machine. Robert Lehman, a non-Tammany Democratic was elected Governor of New York. This signaled a break in the machine control of the governors office. At the same time, Mayor Walker of New York was driven from office and forced to resign due to continuing corrupt practices. Curry chose a very weak successor in Mayor O'Brien.

In 1932, Franklin Roosevelt was elected President. In an effort to break the Tammany machine, he and Post-Master General Jamies A. Forley tried to undercut Tammany's ability to disperse jobs, its main source of support. By dispensing jobs through such Federal agencies as the Internal Revenue Service and the Custom's Offices, they took away the machine's power as the only source of jobs.

As a result of the infighting in the Tammany organization, the influx of Jews and Italians, the poor leadership of Mayors Walker and O'Brien, and the efforts of the federal government, the machine's power was drastically weakened. Reformers like Franklin Roosevelt had successfully organized a great deal of public support for more honest politics. In 1934, Frorillo H. La Guardia was elected mayor. He spoke out against corruption in City Hall in his campaign. His victory was also due to his ability to organize the ethnic minorities of the city, particularly the Italians. He was the candidate of the Fusionist Party and had the support of the Republicans as well. The Democrats gained control of the Governor's

Office again and also won other state office. While Tammany Hall would rise to power again, it would never remain there. The Democrats, the Fusionists, the Republicans and several other parties were all competing for offices once controlled exclusively by the Tammany machine. No single party was all-powerful. To elect candidates, they needed the support of each other.

Discussion Questions

1. What type of system characterized Tammany Hall?

2. What situations affected politics in New York which caused Tammany to loose power?

3. Name two political groups with which Tammany eventually became interdepedent.

   1.

   2.

4. Why were they interdependent?

5. How does interdependence affect development?

ACTIVITY FIVE: HOW BIG?

Cummins Engine Company seems committed to becoming the world's leader in the field of diesel engines. In its early years Cummins demonstrated that it could produce an engine which could be used for many purposes - in trucks, in boats, in electrical generators, and in construction equipment. In the last 20 years it demonstrated that it can develop the bureaucratic structure necessary to manufacture and distribute their product throughout the world. It has been able to do this largely because companies in the United States and in other countries liked and bought the Cummins engine.

Since 1973, however, a variety of economic conditions in the United States caused uncertainty about the future development of the company. The tables below suggest the general economic trend in the United States. The first two tables show the trend in cost of fuel and food. The 1973, 1974 and 1975 figures show the percent increase over 1967.

Table 1

Consumer Cost of Food
1967 - 100
1973 - 141.4
1974 - 161.7
June 1975 - 174.4

Bureau of Economic Analysis U.S. Dept. of Commerce

Table 2

Consumer Cost of Fuel (includes oil, coal, gas, electricity)
1967 - 100
1973 - 129.9
1974 - 150.2
June 1975 - 166.9

Bureau of Economic Analysis U.S. Dept. of Commerce

Table 3 illustrates the decrease in value of the American dollar. Compared to 1967, in 1973 one dollar was worth only 75 cents. Today a dollar is worth only 62 cents compared to 1967.

Table 3

Buying Power of the Dollar
1967 - 100
1973 - .75
1974 - .68
June 1975 - .62

Bureau of Economic Analysis U.S. Department of Commerce

By comparing Tables 1, 2, and 3, what statements can you make about the economic situation in the United States today?

_____

_____

_____

_____

_____

In addition to increasing prices of consumer goods, the United States has also experienced a dramatic rise in unemployment The 4 illustrates the increase in unemployment from 1973 to 1975.

Unemployment In the United States
1973 - 4,304,000 - 4.9%
1974 - 5,206,00 5.9%
1975 - 8,210,00 8.9%

Bureau of Labor Statistics

In 1975 Cummins had to lay off almost 2,000 employees due to this economic trend. As a result during most of 1975 the company reduced the number of engines it built. Fewer engines were demanded and therefore fewer were produced.

As early as 1939, Clessie Cummins warned against becoming to large.

> "I believe that the problem of how large we should grow is going to be the outstanding and the most difficult to solve. None of us want to see the business grow to the point where volume is such that a great influx of outside help has to be brought in, resulting in sooner or later a big lay-off, with the resulting misery and upsetting of the entire community."*

Now Cummins faces a situation in which expansion and growth may not be the best path to follow. Already, Cummins has planned to sell it's non-engine businesses. This may signal a new policy which Cummins will follow.

*Clessie Cummins, 1939 cited in W.G. Irwin and Hugh Thomas Miller A Study In Free Enterprise In Indiana, Richard H. Gemmecke, Doctoral Dissertation, I.U., 1955.

Discussion Questions

1. What kind of political system has characterized Cummins in the last 20 years?

2. Given the current economic conditions described in the tables, what sort of company do you think Cummins will be in 10 years?

3. Why did you make the prediction you made?