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Book review: The multinational corporation in Africa: The international capitalist system

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Boston University

Review: Carl Widstrand, ed., The Multinational Corporation in Africa; The International Capitalist System (Sweden: Uppsala Offset Center AB, Uppsala, 1975)

This collection of papers makes a valuable contribution to essential thinking on a critical issue confronting Africa today. The first two major papers by Samir Amin and Norman Girvan present an intriguing framework of hypotheses as to the new stage of multinational corporate penetration into Africa and the third world. The set of case studies illuminates the way multinationals^{als} have aggravated the development of underdevelopment in a number of African countries, including Nigeria, Ghana, Zaire, Ethiopia, Kenya and Tanzania. The last part suggests some of the necessary ingredients for a strategy which African states might adopt to end the external dependence of their economies and attain balanced self-reliant development. In short, this book should help to deepen theoretical insights into the role of multinational corporations and strategies for independence.

It is impossible, in the brief space here available, to provide the kind of critical analysis each of these papers deserves. The reader is urged to read and evaluate for him/herself the evidence they contain. This review seeks only to focus on some of the theoretical issues raised.

Amin's conclusion that MNCs are attempting to escape the contradictions inherent in the current crisis by imposing Orwellian-type structures on the world needs careful study. It seems justifiable to suggest, as he does, that the new technologically-advanced industries being created by MNCs, requiring advanced skills but providing few jobs, may facilitate an extension of center domination over the periphery, even if the latter succeeds in building standard basic industries. Or, as he says, the center may continue to control both the new and the standard industries, marginalizing the periphery and encouraging continued migration of unskilled labor to the center.

Rejecting any assumption of identity between MNCs and Western World governments, Girvan correctly underscores the point that the success of

OPEC and possibly other third world coalitions in achieving somewhat improved prices does not constitute revolutionary structural change. He argues, instead, that the alliance of the ruling classes of some third world nations -- especially the Arab oil shiekdoms -- with MNC interests may create a new 'transnationalized' world economic system. These changes, he maintains, require basic redefinition of Lenin's theory of imperialist domination.

Despite the valuable insights advanced in these papers, there appears to be a danger of obscuring inherent contradictions which, if properly understood, might lay the basis for strengthening the potential of national liberation struggles. First, the current world economic crisis, caused by exploitation of third world populations as well as workers in the western world and aggravated by the rapid expansion of MNCs, is an integral feature of the western economic system. MNCs not only cannot overcome it by any form of Orwellian maneuvers, but in fact are more likely, in the long run, to aggravate it still further. Critical analysis of the nature and impact the crisis is essential to lay the basis for a strategy for change. Secondly, it seems necessary to explore more fully the impact of technologically advanced MNC-controlled industries on the working classes in the center where high levels of unemployment have already emerged as a semi-permanent feature of the economy. This must surely, at least in the long run, threaten any Orwellian stability imposed by the MNCs. It seems highly possible that growing numbers of workers, hard hit by unemployment, may realize the necessity of cementing an alliance with the independence movements of third world countries in general and Africa in particular to achieve the necessary structural changes to advance their own welfare.

Third, it would be helpful to explore more deeply the manner in which in some countries, particularly those of Western Europe and Japan, the state has become closely intertwined with groups of MNC interests. The deep-seated competition that persists between the global semi-private giants is reflected in an only partially-concealed conflict of interests between these states. The French Government has openly declared its desire to protect 'its' MNCs' spheres of interest. The UK Government has recently been forced by ^{the} IMF -- an instrument of the western powers and financial interests -- to sell its shares in the gigantic Shell Company. Japan has had to change its laws to permit U.S.-based MNCs to buy shares in its home-based companies. It is not clear that **that the ruling groups in one or more of these countries might ^{not} seek alliances to strengthen their hand against further U.S. encroachment.**

In this context, Amin's inclusion of the USSR as a 'sub-imperialist' center in his Orwellian caricature of MNC world-domination -- like that of South Africa -- seems dangerously divisive. It can only serve to weaken efforts of countries like Mozambique and Angola, which have welcomed Soviet support for their liberation struggles, to build unity with other African states.

A different set of theoretical issues needs to be considered in relation to the last three papers dealing with the formulation of effective strategies for self-reliant development. It would have helped if Clive Thomas, in his useful paper on industrial strategy, had analyzed more carefully the stages and linkages required to ensure that, over time, industry contributes to **increased productivity in all sectors, especially agriculture; and had examined critical institutional changes needed, especially in respect of the 'commanding heights', to carry out his proposals.**

Massiah's argument for building the necessary class alliances to create a mass base in support of independence strategies would have been strengthened, too, had he focused more on how state machinery and the party must be re-structured to carry out the mandates of the mobilized political forces. What

is needed now are not more generalizations but careful analyses of those key institutional changes needed to implement the transition to socialism.

Finally, unfortunately omitted from this valuable collection is any analysis of the rapidly multiplying MNC involvement in the racist political economy of South Africa. The tripling of investment by multinationals there in the last two decades, particularly those based in the US and West Germany, seems of crucial theoretical as well as practical significance for the kind s of issues considered in this book.

Eighty percent of U.S. investment in manufacturing industries in Africa, for example, are in South Africa. This, ^{it is true,} ~~seems to fit~~ in with Amin's prognostication of a shift of traditional industries to sub-imperialist bases while maintaining control of technology and the most advanced industries in the western capitalist nations. ~~At the same time, however,~~ ^{however,} ~~other~~ features of the MNC penetration of southern Africa, ^{however,} illuminate issues which tend to have been obscured by Amin and Girvan. One is the competitive struggle between MNCs of different national bases, reflecting the persistence of an underlying competitive conflict which persists despite the apparent intermingling of MNC structures across international boundaries. Both US and West German MNCs are taking over spheres formerly dominated by British-based firms -- auto, electrical equipment, chemicals and petroleum -- as well as taking the lead in newer industries like computer and nuclear technology. The biggest U.S banks, Chase Manhattan and Citicorp (the international arm of First ^National City Bank of New York) play a crucial role, often in cooperation with, but at the same time moving in on the preserves of, the British banks in mobilizing ^{U.S.} capital for South African expansion. The leading West German bank, especially the Deutsche Bank, assists the expansion of West German firms. The chauvinistic South African state capitalist regime has played a behind-the-scenes-role in encouraging this competition to deepen and strengthen its own industrial base ^{while} ~~in order to~~ protect and build its domination of the southern African region. ^{ing, ing}

The current phase of the international crisis has shifted the MNC competition and contradictions to a new level which is reflected in ~~the~~ South African ~~situation~~. The South African economy has been hard hit:

its chronic balance of payments deficits have worsened; at least one out of four Africans is unemployed; traditional industries, especially consumer goods industries, are operating at far less than capacity; while the South African regime, facing mounting liberation struggles, has increased its military spending to 40 percent of its budget. The Government has increased its international debt to \$5.5 billion, more than a third of it borrowed from consortiums organized by U.S. banking interests. West German banks have also mobilized vast sums, while the traditional source of funds for South Africa, the British banks, have lagged far behind. (It seems probable, in line with Girvan's thesis, that Afab states have advanced petrodollars through traditional western banking institutions to contribute to the shoring-up operation.)

While the MNCs are competing to provide technology and capital to bolster up the chauvinistic state capitalist South African regime, however, the liberation movements are organizing to fight for their freedom. In this they are obtaining needed material support from the socialist world. It seems clear that whatever Orwellian-like plot ~~xxxxxxxxxxxxxxxxxxxx~~ the MNCs seek to hatch in Southern Africa -- call it outreach, detente or what they will -- they will have to reckon on the opposition of the people backed by military supplies from the socialist world, including the USSR. It is not at all clear how this fits into Amin's portrait!

All of this is not to deny the very real contribution which this book makes to ~~the~~ vital new thinking on the issue of multinational corporations in Africa. Rather it is to underline the point that the ideas raised should provoke new and ever more critical research to contribute to a greater understanding of the kinds of alliances and institutional changes which may be needed to enable the African peoples to win meaningful independence and self-reliant development.