MULTINATIONAL CORPORATIONS AND HUMAN COSTS; DEVELOPMENT, INVESTMENT AND MILITARISM

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To the understanding of the global impact of multinationals, anthropologists can offer a concern with dynamics at a local level, and the integration of a holistic perspective on society and culture. Recently, anthropologists also have integrated local studies with a framework provided, in part, by political economy. This paper will make use of some of these recent studies, based on field research in neo-colonial countries, to argue that patterns of economic development aid, multinational investment, and increasing militarism are integrally related. At the same time, it will be argued that development projects oriented toward productivity, rather than direct improvement of the local standard of living, have proven to be detrimental—sometimes devastatingly so—to producing people at the local level. Indeed, many of the global problems of our era—world hunger, burgeoning urban poverty, political unrest—are exacerbated and, in some cases, caused by the effects of incorporation into a capitalist market on a world scale. The role of multinational investment, the inability of host countries to determine the conditions of investment, and the unwillingness of the base countries of the multinationals to regulate movements of capital, will be examined. The intersection of export-oriented development projects, multinational corporate investment, and military aid (in both direct and indirect forms) will be shown to be responsible for the accelerating rate of migration world-wide, and the increasing relative and absolute immiseration[1] of the bulk of the populations in neo-colonial countries.

One area for investigation is the degree to which countries that allow investment by multinationals are able to regulate the activities of the corporations effectively. The consequences of such attemps at regulation, historically, in the twentieth century, provide us with some sobering examples. The refusal to cooperate with multinationals also can prove deleterious to the regime that questions the advisability of this form of development. Even the suspicion that the investment climate may be more or less regulated can incur severe repercussions. Governments that provide minimal regulation, or actively solicit investment through agreements highly favorable to the potential investors, tend to be viewed as "friendly" by the United States. Governments that attempt to increase regulation of business practices tend to be considered "unfriendly," a status that often has resulted in direct or covert intervention aimed at toppling the uncooperative regime (e.g. Guatemala in 1954, Chile in 1973, Grenada in 1983, and Nicaragua today).

There is a popular image of multinational corporations—reiterated in the opening remarks—that such organizations "owe allegiance to no country." Perhaps this statement reflects the ease with which investments and capital, in general, are transferred abroad; there are few serious impediments placed by our government or other capitalist countries on such "freedom of

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[1]Imiseration (or immiserization, as Bello et al. use the term) indicates a decline in the standard of living, even as the persons affected remain in the same occupation. Thus, one can refer to the immiseration of the peasantry in northeastern Brazil following the introduction of sisal as a cash crop, since the incidence of malnutrition in peasant households increased steadily, even while people remained cultivators (See Gross 1971/1983: 205-208). Generally, the term is used to distinguish conditions of poverty, in which many peasant households live, from situations where even the poverty conditions deteriorate. Immiseration refers to this erosion of even minimal living standards.

movement." But the image is misleading, for it implies that there is no close relationship between multinational corporations and the states in which their headquarters lie. The multinationals that have their base of operations, and incorporation, in the United States rely heavily on the U.S. foreign policy to provide them with a relatively stable, relatively unencumbered business environment in so-called host countries. While the U.S. is not always capable of assuring this stability, this has been one of the primary thrusts of U.S. foreign policy in the twentieth century. In addition, multinationals rely upon the U.S. government not to prevent their sometimes precipitous exit from the base country, regardless of the dislocation such plant closings, entail for the local communities. So, there appears to be semi-autonomy, but underlying the "independence" of the corporations is a fundamental, if mutual, dependency. The role of the U.S. government is to facilitate the movements of capital world-wide, and to aid in the accumulation process.

The U.S. government provides such aid, in the form of development projects through United States Agency for Industrial Development and other agencies, and through contracts with private agencies such as CARE. In these projects, the government does not act in the interests of any particular corporation. Rather, it is in the interests of accumulation, the health of the capitalist system per se, rather than individual firms. Similarly, the international lending agencies, in cycling the Organization of Petroleum Exporting Countries monies through development projects and other loans to neo-colonial countries, act on behalf of finance capital as a whole. The current debt crisis points to the problems of such short-term planning, and of commercial financing development projects on a world scale. As is typical in such crises, government intervention becomes necessary, again to try to recover the well-being of the system as constituted.

The aim of development projects sponsored by the U.S., directly and indirectly, has been to build infrastructure necessary for future investment, and, in the agricultural sphere, to increase productivity. The construction of infrastructure has as a goal the attraction of new industries, or the up-grading of existing ones in areas of lower labor cost. Ironically, given the international nature of the multinationals, this can lead to a contradiction. United States government aid, in economic development and military forms, helps to create a climate in the so-called host countries conducive to investment. But the climate so created is available to any multinational. Indirectly, then, Japanese and Western European multinationals rely on the increasingly militarized, U.S.-backed regimes throughout the world.

I want to trace the relationships among U.S. government-sponsored development projects over the past 25 years, multinational investment, increasing militarism and political repression in such "host" countries, and rapid economic stratification both in the "host" countries and at home. I am focusing primarily on U.S.-based multinationals because, in terms of assets, they remain dominant world-wide, and because the impact of U.S. foreign policy has been far greater than that of other capitalist countries in the post-World War II period. I have selected particular countries because they are representative of a range of basic issues, and illustrate the process involved.

Development Projects

A brief consideration of different phases of U.S. economic development aid in the twentieth century is in order. I propose three periods involving different types of development projects. They are: prior to the Great Depression of the 1930s, from the end of World War II to the end of the Vietnam War, and from the early 1970s to the present day. Each period is marked by different strategies of aid, and different relationships between development projects and corporate investment. The first period is characterized by development of infrastructure in neo-colonial settings, financed primarily by the corporations (often through low-cost government loans) that would become the predominant users of the roads, railroads, ports, etc. (In the focus on neo-colonial areas or its own, recent colonies, the U.S. basically avoided confrontation with the European-dominated colonial enterprises.)

The second period was preceded by a proliferation of conglomerate mergers during the Great Depression. The expansion of these giant corporations abroad following World War II and their continued acquisition of other, unrelated companies active in many parts of the world has led to the designation of multinational corporations. While in the early period, there were a few such internationally active, conglomerate corporations, this form of enterprise did not become economically dominant until the post-war period, especially since the 1960s. The second period of development, then, was characterized by direct U.S. government-sponsored development projects that were capital-intensive and focused primarily on the agricultural sector of neo-colonial countries. These agricultural projects promoted the use of "miracle" hybrid grain varieties developed through Ford and Rockefeller Foundations grants to research institutes in many parts of the world.

The current period finds direct U.S. sponsorship of development projects at first supplemented by international lending institutions such as the World Bank and the International Money Fund, and now to a large extent supplemental to these agencies, heavily backed by U.S. and Western European financial institutions.[2] During this period, the nature of U.S. government-sponsored development projects also has changed. The so-called Green Revolution and Food-for-Peace combination dominated the period prior to the oil crisis. At least in theory, such projects were aimed at addressing the needs of small-scale growers and the problem of world-wide hunger. Since then, U.S. aid has included more Food-for-Work projects, and fewer large-scale, capital-intensive agricultural programs. International lending agencies (responsive primarily to the needs of finance capital) have favored projects aimed at promoting commercial agriculture, light industry, and the expansion of extractive industries such as mining and lumbering into "frontier" areas or areas not previously integrated into the national economy. Paralleling this "centralization" of development loans, corporate mergers have accelerated, and effective ownership of multinational corporations has become increasingly concentrated.

With some exceptions—most in militarized countries such as the Philippines and Guatemala—multinational agribusiness corporations have tended to shift from direct ownership of fields to subcontracting and processing, where the national farmer or company assumes the risks of agricultural production. The national landowner or company also assumes the risks of growing labor and tenant unrest. With this overview in mind, consider the impact of each type of development pattern on local peoples in selected countries.

Investment Before the Great Depression: Guatemala and Peru

The types of investment in the earlier part of the 20th century paralleled those by British, French, and Belgian and Dutch companies in the latter part of the 19th century. The pattern was one of investment in agriculture for the production of food and other crops destined for a global market, seconded by investment in extractive industries, particularly mining. Under colonial rule, businesses could expect the "home" state to finance infrastructure directly or through low-cost loans; labor typically was acquired through a tax or *corvee* system. The U.S. corporations entered somewhat later into this type of expansion, since the latter part of the 19th century found U.S. industry and agribusiness interests absorbed by the capitalization and consolidation of holdings in

[2]E. Feder, *The new World Bank program* (J.P.S. 3:30, 1976), pp. 343-354.

the newly-conquered West. The War of 1898 opened the former Spanish colonies (particularly Cuba, Puerto Rico, the Philippines), and the Caribbean Basin in general, to U.S. investment.

The first major development project was, of course, the construction of the Panama Canal, for ease in shipping from the Pacific Northwest and for military purposes. Its completion and its subsequent status as a U.S. "colony," encouraged private investment throughout Central America, the Hawaiian Islands, and Latin America. During the period of initial investment in technically independent countries, there were two basic problems encountered by the corporations: acquisition of a stable and cheap labor supply and adequate transportation facilities. Two cases can illustrate the role of private investment (often with low-cost loans from the U.S.) in transforming local people's lives during this period: United Fruit Company in Guatemala (as throughout Central America) and the Cerro de Pasco mining corporation in highland Peru.[3]

United Fruit: Land "Shortage" and Seasonal Labor

In Guatemala, the United Fruit Company's attempts to secure a predictable and docile labor force constitutes the "deep history" that underlies the guerilla movement today. Put simply, from the outset, the corporation undertook a campaign of installing regimes sympathetic to its interests, acquiring peasant (almost uniquely Indian) community lands by law when convenient and by force when expedient, and relying on the regime to enforce the *de facto* land ownership. Lands were acquired or stolen far in excess of those actually put into cash crop production.[4] (In fact, the land redistribution proposed in the early 1950s by the reformist Arbenz government, which probably precipitated U.S. intervention, would have affected only a portion of those lands that had never been used by United Fruit for production.) Why then go to the expense of land-grabbing when the lands would remain idle?

The lands taken, for the most part, *had* been in cultivation—for subsistence purposes by highland Indian peoples. The combination of subsistence cropping and the non-market trade that characterized the indigenous distribution system left little need for cash income. As lands were taken by the corporations, seasonal migration by at least a portion of the community became necessary for community reproduction. Once such migration to work in the banana (in other parts of Central America, sugar or cotton) plantations became necessary, debt relations were soon established. United Fruit "provided" company housing of a minimal sort, but no one could transport enough food to sustain life during the work contract period. Instead, the local, company-owned store would extend credit. In a pattern noted throughout the colonial world, debt peonage would thus be created.

But why not simply expropriate the Indian communities and transform the entire landscape into private, corporate property? Here, Carmen Diana Deere (1979) can inform us. Arguing that the persistence of women's subsistence production in "peripheral" areas acts to depress wages below the household reproduction level, we can extrapolate for the Guatemala case (where, in Indian communities, both women and men engage in subsistence production). The continuation of inadequately landed Indian communities meant that wages could be kept at sub-reproduction levels, so long as pressures for higher wages could be suppressed. At the same time, the very existence of the communities provided the company with a "reserve" of labor, and the promise of workers in the future. The stability of a flow of seasonal or permanent (depending on corporate needs) laborers was thus assured.

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[3]Carman Diana Deere, "Rural women's subsistence production in the capitalist periphery." In *Peasants and Proletarians,* R. Cohen, P.C.W. Gutkins, and P. Brazier, eds. (New York: Monthly Review Press, 1979), pp. 149-172.

[4]Del Monte, the multinational that bought United Fruit's best lands in Guatemala in the early 1970s, continues to plant far less land than they own. The corporation cultivates only 9,000 of its 57,000 acres. To avoid expropriation and to discourage peasant squatters, the remaining 48,000 acres are grazed by 7,000 cattle (See Flynn and Burbach 1976:26).

The suppression of demands for improved income, working and living conditions by workers, and of redress of illegal land acquisition by communities brings in the other part of the corporation's strategy. Setting a precedent for other agricultural corporations, the United Fruit Company virtually created the image of the "banana republic," as applied to countries in Central America. In exchange for the promise of U.S. support, and a reliable source of contracts and bribes, the regimes kept in place by the corporation provided an open field for expansion and, in effect, a kind of private army to protect its interests. Contrary to the popular and racist image of the docile Indian, indigenous workers organized themselves to press demands for improvements; community leaders sought government attention in cases of corporate land theft. In all cases, the leaders were threatened, fired, beaten, imprisoned, or slaughtered. Periodic strikes in the banana plantations, were at times met with railroad cars (supplied by the company) filled with armed troops.

Mining in Peru: The Development of Full-Time Workers

The transformation of Peruvian peasants into full-time miners and, concomitantly, hacienda workers for the Cerro de Pasco corporation has been analyzed by DeWind (1979). Again, dramatic shifts in land tenure and labor relations took place in the early years of the company's investment, from 1902 (when the wholly owned subsidiary of the New York-based Cerro Corporation was known as the Cerro de Pasco Mining Company) to 1929. While after World War II, recruitment of labor became less and less of a problem (for reasons related to the increasing concentration of land ownership), prior to the Great Depression, acquisition of a steady flow of workers was a major concern.

During the first decades, the miners for Cerro de Pasco were primarily part-time, remaining involved in agriculture until after the harvest. Workers were acquired through a system of debt labor similar to that used by United Fruit Company, in this case known as the *enganche* system. Labor contractors would be hired by the corporation on a commission basis. They then would extend cash and in-kind loans to peasants, which had to be repaid through mining work. The wages earned in mining would be garnished for the *enganchador's* debt and well as the fee promised to the contractor by the company. The worker could leave the mines when the debts were repaid.

Debts mounted while the miner worked in the mines, however. The company store extended credit for necessary foodstuffs and other supplies and prices were higher than in other stores. In addition, the debts could be inherited in the event of disability or death. Punishment for leaving the mine before debts were paid was a fine of about 70% of the outstanding original loan.[5] This system for obtaining and keeping unskilled and semi-skilled labor continued until skilled laborers were needed in the 1940s. By that time, the commercialization of agriculture had created a ready supply of landless, potential full-time workers. At the same time, the corporation expanded its Depression-stimulated efforts to cut costs of maintaining labor, the purchase of cattle ranches and commercial farms.

Both of these cases—United Fruit Company and Cerro de Pasco—show the virtually unregulated nature of investment by multinationals prior to the end of World War II, in both agriculture and extractive industry. The pattern was one of private development of necessary infrastructure, and unregulated use of a variety of means to acquire labor. Labor, in that period, was not readily available in regions where land had not been completely commoditized or alienated from indigenous communities. In both cases, one of the goals of investors was to

[5]Josh Dewind, "From peasants to miners: the background to strikes in the mines of Peru." In *Peasants and Proletarians* R. *Cohen, P.C.W. Gutkind and P. Brazier, eds.* (New York: Monthly Review Press, 1979), pp. 156-157.

stimulate land loss, or otherwise create the need for wage labor. Resistance to encroachment on peasant community lands, and demands for better working conditions were constant tensions, at times resulting in government intervention on behalf of the corporations. In subsequent eras, bilateral aid projects and international lending agency-sponsored development projects would accomplish these ends, as we shall see.

Green Revolution in Rural Development: Expansion of Commercial Agriculture and Concentration of Ownership

Popular movements for land reform emerged in many of the colonial and neo-colonial countries following World War II. In some cases, these movements were part of larger, at times socialist, political movements. In almost all cases, the movements were on-going expressions of peasant frustration with highly concentrated land ownership and an ever-increasing involvement in an international market for cash crops. The U.S. stance toward such movements included much rhetoric about democracy and the need for moderate land reform, and a reluctance to pressure the governments in such countries into redistributing land to marginalized peasants, except through sales (Taiwan, Japan). Direct sales, even where loans were arranged through the governments, resulted in rapid land loss for those who could not meet repayment schedules. Other types of land reform were viewed with intense suspicion by policy-makers in this country, because the land reform movement in China had been associated closely with the Red Army and later, with government policy of the People's Republic of China. In an attempt, on the one hand, to address the immiseration and consequent popular unrest in areas dominated by landed oligarchies and, on the other hand, to avoid the implementation of serious land reform programs, development strategists conceived of creating improved food-grain strains that would improve the productivity and output of small parcels.

The so-called Green Revolution, as a proposed counter to those movements deemed communist by Cold War policy-makers (the "red" revolutions in the People's Republic of China and Cuba), sought to improve productivity, or output per acre, thus mitigating the pressure from below for land redistribution. Areas of the world where popular pressure for land reform was most pronounced—notably Asia and Latin America—were the primary foci for the capital-intensive projects.[6] Research institutes, sponsored through the Ford and Rockefeller Foundations and later, the World Bank, were established in a number of Third World countries, to develop improved hybrid strains of wheat, corn and rice. Pilot projects—funded through the U.S., host governments, the United Nations and other agencies—were set up in many areas. In the later 1960s, pilot projects were implemented in regions throughout Asia and Latin America where pressures for land reform were seen as actually or potentially contributing to popular unrest. In Asia, projects were set up in India, Indonesia, the Philippines, Taiwan, Thailand and South Vietnam. The impact on local peasants in the Philippines in the late 1960s can provide an indication of the problems intrinsic to such projects. While every case is in some sense unique, the overall impact of the development projects in the Philippines has been regarded as parallel to consequences elsewhere.[7]

The problems encountered were primarily political, but technical and environmental factors also contributed to the failures. The International Rice Research Institute, located in Los Banos, developed a hybrid strain of rice known as IR-8, or "miracle rice." While not the most desirable

[6]Francis Frankel, *India's Green Revolution* (Princeton, New Jersey: Princeton University Press, 1971).

[7]Compare Feder, *The new World Bank program,* 1976; Frankel, *India's Green Revolution,* 1971; and Andrew Pearse, *Seeds of Plenty, Seeds of Want: Social and Economic Implication of the Green Revolution* (Oxford: The Claredon Press, 1980.)

type of rice, in terms of taste, size of grain, and tendency to break during milling, the variety was much more productive than standard local varieties, when cultivated optimally. First, let us consider what was entailed in the phrase "optimally" and what were the consequences for the grower if optimal conditions did not obtain. We can the consider that the consequences were for growers when all was done according to plan.

The hybrid strain rice was designed for wet cultivation, and required the use of chemical fertilizers to improve yields.[8] In the Philippines, as in most other countries where large landowners dominate the countryside, the best lands—the wet rice lands in this case—are concentrated in the fewest hands. The less desirable lands—suitable for dry rice cultivation—may be in the hands of small-holders. With the exception of so-called tribal areas, where land is "owned" collectively but allocated according to need, cultivation of wet rice in most parts of the Philippines is accomplished through tenancy or sharecropping arrangements. The number of small-holders who own significant parcels of wet rice land is extremely small. Thus, from the outset, the type of rice developed favored large landowners, rather than small-holders. However, it could be argued that increasing outputs even on sharecropping parcels could improve a tenant household's standard of living. We will consider the outcome of that logical possibility later.

To acquire the improved varieties, the cultivator sometimes was granted the seed rice on credit, or a cash loan was arranged so the seed could be purchased. Credit and loan arrangements normally meant that the tenant became indebted to the landowner or other local money-lender.[9] In a few cases, seed rice was distributed *gratis* to the cultivators.

But fertilizers and pesticides had to be purchased. Traditional fertilizers, often night soil, can encourage plant infection where resistance is low (as in hybrid strains). But the preferred ammonium fertilizers are distributed privately, often through the landlord or marketing agent. In addition, these fertilizers must be applied at precisely the right period in the plant life cycle, or the grower is faced with a luxuriant field of green leaves, with no seed setting whatsoever. The hybrid varieties, unfortunately, are often less disease-resistant than strains that have become adapted to the peculiarities of local conditions. Heavy use of nitrogenous fertilizers may encourage the development of the fungi that damage the rice plants.[10] To minimize infection, copper fungicides are helpful during transplanting. In addition, pesticides (also purchased and often necessary for the miracle hybrid) may kill the protein sources associated with wet rice cultivation: crustaceans, snails, fish, ducks, etc., or render then unsafe for human consumption. Thus, while rice production may increase dramatically, the health and nutrition of the tenant households may decline greatly.

But let us assume the grower has timed everything appropriately. A bumper crop can be expected. Here, the political problems that underlie the initial pressures for land reform become accentuated.

Consider only those pilot areas where technical assistance had been provided at strategic times, and care had been taken that seed rice actually reached the hands of the small-holders or tenants, rather than being siphoned into a rather lucrative national market dominated by large growers. A bumper crop meant a glut of rice on the market at harvest time, far more than was usual. Peasant farmers—particularly those in tenancy relations—are well recognized as being unable under normal circumstances, to withhold produce from the market for long periods of time.[11] The

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[8]Peter R. Jennings, "The amplification of agricultural production." *Scientific American* 235:3 (September, 1976): pp. 180-195.

[9]Pearse, pp. 70-76.

[10]Kenneth L. Jones, "Rice." In *Plants in our Lives* (Ann Arbor, Michigan: George Wahr, 1970), pp. 131-132.

[11]Eric Wolf, *Peasants* (Englewood Cliffs, New Jersey: Prentice-Hall). See also, Eric Wolf, *Peasant Wars of the Twentieth Century* (New York: Harper and Rowe, 1969).

tenants and small-holders who did not have access to the miracle grain found their yields paltry in relation to other growers'. In addition, the local glut drove the price of rice down dramatically. Only those who could arrange the transport of their rice to more distant markets could expect a net improvement in income. Typically, only landlords or merchants had access to means of transportation needed for long-distance trade.

Another consequence of the "miracle rice" for tenants was that the "improvement" of the land was used as an excuse for landlords to raise cash or in-kind rents. In essence, tenants found their standard of living actually declined, in many cases, even while the productivity of their holdings increased greatly. Ironically, the development project succeeded in its goal of increasing yields, but since the projects never addressed the political dimension of land tenure arrangements, living conditions for small-holders and tenants actually became worse.

The political goal of the Green Revolution projects was to minimize pressure from small-holders and tenants for land reform. In those areas where the projects were successful (in the sense of increasing yields), and where control over credit, seed acquisition, and land did not rest primarily with the producers, the projects exacerbated existing economic inequality. In so doing, the projects unintentionally contributed to the immiseration of the peasantry.

Many peasant households were made landless. Those small-holders, who had entered into or depended upon debt relations to purchase seed, fertilizer, or pesticides, faced depressed rice prices at harvest time, the inability to repay loans, and consequent land loss. In most areas, the introduction of miracle rice was combined with other development projects aimed at improving or constructing irrigation systems, or partially mechanizing the production process.[12] In these cases, it was most effective in raising yields to have large, unbroken tracts of land: a situation that automatically favored larger landowners. Machinery replaced labor-intensive work in parts of the production process, resulting in a net loss of jobs.[13] Thus, tenants who found their leases terminated and small-holders who found themselves dispossessed, could obtain little wage labor in the countryside. Urban migration, in search of work, became necessary.

Two consequences of policies oriented toward productivity, and ignoring fundamental political relations (such as land tenure patterns) can be identified. First, without political reforms that would ensure the benefit of the improved yields being shared by the producers, improved productivity of holdings led to an increase in the rate of landlessness. The emphasis on building irrigation systems in the wet rice areas, and introducing fossil-fuel technology wherever possible, increased the number of peasant households having no recourse but migration to urban areas in search of work.[14]

Second, what the projects *did* accomplish was the rapid concentration of land ownership, and increased economic stratification in areas where economic inequities were already dramatic. As Frankel points out, in reference to related "miracle wheat" projects in India in the mid-1960s:

> Probably only the bottom 20% of all farmers, i.e. those with holdings of ten acres or less, have experienced serious relative deterioration in their economic position for want of sufficient capital to invest in (minor irrigation works) necessary for profitable adoption of the new techniques.[15]

But she goes on to point out, for Bihar and Uttar Pradesh, that over 80% of all cultivating households operated wheat-growing farms of less than *eight* acres. With reference to the rice-growing region, she states:

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[12]Pearse, p. 70.

[13]*Ibid,* pp. 150-151.

[14]Feder, pp. 343-350.

[15]Frankel, p. 192.

> The majority of farmers—75-80% in the rice belt—have experienced a relative decline in their economic positions.[16]

Those farmers who held leases under oral agreements (as in many tenant areas of the rural Philippines), experienced an "absolute deterioration in living standards."

Dispossessed and marginalized peasant households in the Philippines protested, formally and informally, against the deterioration of their economic position. In some areas, farmers tried to organize co-operatives for mutual aid, credit, or transportation. In some cases, local elites responded with violence that went unpunished by the government, since co-operatives are viewed (usually erroneously) as being vaguely socialist by many government officials in the Philippines (and other countries, including the U.S.). In other cases, the Philippine Constabulary intervened on behalf of the beneficiaries of the new phase of land concentration (since, after all, dispossession to reclaim "bad" debts is legal). Protests by farmers were in many cases met with brutal repression. Instead of mitigating the call for land reform, the projects succeeded in making the call louder. And where the calls were silenced, some of the marginalized joined the guerilla movement, the New People's Army.

It is impossible to argue that the Green Revolution projects of the 1960s helped the Philippine small-holders and tenants. The projects did contribute to the growth of slums on the outskirts of major Philippine cities. One of the stated aims of the projects was to address the problem of world hunger. Instead, by defining the problem solely in technical terms and assuming the political status quo, "economic development" in this form deepened the crisis. The major beneficiaries, other than the landed oligarchy, were the national construction companies and their multinational suppliers, the grain merchant corporations, and the U.S.-based manufacturers of farm equipment.

Rice production has increased dramatically; the Philippine government is fond of saying that it produces enough rice to meet national needs. Indeed, there is sufficient rice produced, but it is beyond the means of many families. The Philippines, in fact, has had to import more food in the past decade than in the years before the "Green Revolution." In 1960, the Philippines had to import $2 million worth of rice. By 1972, they imported $34 million worth. The number of families living in "absolute poverty" increased by 23% from 1965-1975. This situation, of increasing productivity with increasing economic stratification, is called by one group of researchers, "growth with immiserization".[17]

Infrastructure Development and Multinational Investment since the Green Revolution

The failure of the Green Revolution projects to stem movements for land reform was apparent by the time of the socialist accession to power in Vietnam. At the same time, Western banks were being flooded with OPEC money. The World Bank and the IMF took the lead in redefining the relationship of national governments, internationally-financed development projects and multinational corporate investment. United States foreign policy interests were certainly represented in these bodies, but direct U.S. economic aid took a supplemental role.[18]

A new agricultural development policy was announced by the World Bank in Nairobi in

[16] *Ibid,* p. 193.

[17] W. Bello, D. Kinley and E. Elinson, *Development Debacle: The World Bank in the Philippines* (San Francisco: Institute for Food and Development Policy, 1982), p. 97.

[18] The inverse relationship of U.S. bilateral aid to World Bank loans—as well as the massive increase in the amount of World Bank loans—can be seen easily in the case of the Philippines. In 1973, the amount of U.S. bilateral aid was $125 million; by 1979, this had fallen to $72 million. The World Bank loans to the Philippines in 1972 were $39.5 million; by 1979, this had expanded to $561 million (See Bello et al. 1982: 37). U.S. military aid to the Philippines had, of course, risen exponentially in that time period.

1973. The new plan was still aimed at increasing output, and the rhetoric of helping small-holders was evident, but the focus had changed. Only a portion of the new credit would include any provision for credit to small-holders, and the component for small-holders was not specified.[19] The plan did not mention the landless, whose numbers had blossomed under the aegis of the Green Revolution projects. Credit would be extended for purchase of "miracle" seed, fertilizers, pesticides, the rental (not purchase) of agricultural equipment, and the building of wells and irrigation systems. The World Bank, through the multinationals, would enable the sale of heavy equipment to large landowners or brokers, who then would rent the equipment to small-holders. Loans to peasants would thus end in the coffers of the seed, fertilizer, construction and agricultural equipment brokers. The additional sales for manufacturers and import-export dealers from these sources alone, from 1973-1983 have been estimated at between $7.4 and $10.7 billion.[20] Those small-holders who actually receive loans are thus immersed ever deeper into the market, and stand to lose their land if the loans cannot be repaid; this, of course, has happened in the targeted areas, since loans to individuals were more likely to be granted than loans to peasant co-operatives, for example, and the vicissitudes of an international grain market are more harshly felt by the remaining peasantry.

The influx of OPEC monies found private institutions eager to loan funds for development projects that frequently used Food-for-Work programs in lieu of wage labor. Loans for irrigation projects, mechanization, processing plant construction, and introduction of marketable hybrid food grains and other cash crops were arranged through the "regional" international lending institutions, such as the Asian Development Bank, the Interamerican Development Bank, as well as the World Bank/IMF. United States food aid has become a means of keeping labor costs minimal, while infrastructure is built for the benefit of potential investors, particularly multinational corporations.

In terms of U.S. development policy, direct distribution programs, such as Food-for-Peace, have been largely replaced by Food-for-Work programs. Food-for-Work continues the way in which the U.S. government indirectly subsidizes surplus production by U.S. agribusiness through international food distribution, while it provides extremely low-cost labor for infrastructure construction in 'friendly' parts of the neo-colonial world.

Since the 1970s, countries have needed to borrow more and more to meet energy costs and, now, interest payments on existing loans. The growing debt to international lending institutions and private U.S., European and Japanese banks has necessitated two types of economic measures: 1. products that can bring in hard currency are preferred; thus, export-oriented industries (agricultural and other) are favored by these governments; 2. domestic fiscal austerity programs have been encouraged or imposed. Refusal to cut government spending—particularly on social services—could end in the cutoff of further loans and the refusal to restructure payment of interest on current debt. The contemporary debt crisis, which has been precipitated by the dominant financial institutions in the world and now threatens their stability, has contributed to a growing climate of political repression in the affected countries.

Militarism[21] has become a necessary partner in this pursuit of corporate profit. As the interests of the corporate sector become increasingly estranged from bettering the lives of national populations, political repression has become a pervasive response. For the peasantry and the

[19]Feder, pp. 343-350.

[20]*Ibid*, pp. 353-354.

[21]Cynthia Enloe has defined "militarization" as "the process by which, over time, military priorities pervade all sectors of social life." (See Enloe 1983: 416). It is well recognized that police and military training and equipment are provided by the U.S. through defense budgets; the U.S. beneficiaries are companies holding defense-related contracts (See, Nancy Stein and Michael Klare, *Merchants of Repression: U.S. Police Exports to the Third World.* NACLA/Latin American Empire Report X:6 (July-August, 1976):31-38).

urban poor, the standard of living has declined markedly in the non-socialist Third World since the 1960s. But in the 1960s, the middle sectors in neo-colonial countries were not subject to this deterioration. Since the mid-1970s the number of people reduced to poverty conditions has greatly increased. The middle sectors throughout the neo-colonial world have experienced a decline in their real buying power, and a deterioration of living conditions for all but a very few: those who act on behalf of corporate activities or benefit from non-intervention. The widespread discontent has been contained only through an escalating suppression of civil and human rights.

This relationship between increasing militarism and the growing involvement of multinational corporations in the non-socialist Third World is readily seen. Let us trace the relationship of "host" government encouragement of corporate investment to increasing repression of the population in Brazil and the Philippines.

The Human Cost of an Illusion: Brazil's "Economic Miracle"

Connections among increasing productivity, export-oriented development projects, expanded multinational corporate investment, declining economic position for much of the population, and increasing militarism can be seen in Brazil during the decade following the military take-over in 1964.[22] The Gross National Product increased at an average of 7% per year; foreign investment (mostly U.S.-based multinationals) accelerated.[23] It was a boom time, for the corporations at least. What was the impact on local people?

One of the major thrusts of investment was the substitution of internationally marketable foodstuffs and processed agricultural products for those destined for domestic consumption. The classic case concerns soy beans, used for cattle and other animal fodder. The soybean boom that began in the late 1960s and early 1970s resulted from the lucrative international market for the beans. Large landowners shifted from the production of black beans and corn—sold nationally—to soy beans. As Morgan states:

> Parts of Brazil began to look like the world headquarters of multinational corporatism. Companies such as Bunge's subsidiary Sanbra, Cargill, Continental, Cook Industries, Anderson-Clayton, and Louis Dreyfus built multimillion-dollar processing plants and organized soybean 'corridors' to the Brazilian ports.[24]

The problem was that black beans and corn are staple foods in the diets of most Brazilians, particularly those who cannot afford to eat beef on a regular basis. By 1973, there was a domestic food supply crisis: black beans had increased in price by 275%; in Rio there was rationing. Farmers' cooperatives protested the discrepancy between the $130 a ton they received in 1974 and the international price of $400 the discrepancy was due to the export companies.[25] While the Brazilian government had programs to encourage domestic agriculture, there was no serious effort to curtail the control exercised by the multinationals over domestic food production. The government increased or decreased tax incentives for the major corporations to regulate

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[22]The nature of this take-over provides a model for U.S. policy toward military rulership and the tacit local government approval of political repression in capitalist neo-colonial societies. Following the take-over, the U.S. poured aid (economic and military) into Brazil; the previous government had by no means been socialist, but had recommended reforms in land tenure, supported unionization efforts, etc. The acceptable role of the military in government in so-called developing societies favored by all subsequent U.S. administrations, regardless of rhetoric, is presented in Samuel P. Huntington's *Political Order in Changing Societies* (1968).

[23]Richard Newfarmer and Willard Mueller, *Multinational Corporations in Brazil and Mexico: Structural Sources of Economic and Noneconomic Power* Report to the Subcommittee on Multinational Corporations of the Committee on Foreign Relations, United States Senate (Washington, D.C.:U.S. Government Printing Office, 1975), pp. 98-111.

[24]Dan Morgan, *Merchants of Grain* (New York: Penquin Books, 1980) p. 326.

[25]*Ibid*, p. 327.

exportation of agricultural produce.[26] But little was done to address the underlying problem: cash cropping for an international market replacing necessary food production. The soybean exports were helpful to the Brazilian government in offsetting the price of oil imports, despite the impact on the non-elite population.

The flip side of this situation also provided profit for the multinational grain corporations. The food crisis meant, of course, that other foodstuffs had to be imported. It was in the interests of the multinational grain corporations to encourage grain imports. Bunge corporation was especially criticized for manipulating the wheat market at the expense of Brazilian millers.[27]

This time period was one of extreme political repression in Brazil, replete with disappearances, political imprisonments and torture, assassinations of opposition leaders, and so on. The "miracle" of rapid private industrialization and transformation of agriculture demanded restraint of any demands by those who were providing the labor, or those who were displaced in the process. The climate of "labor peace" helpful to the quiet pursuit of profit depended on the Brazilian government's timely use of the police and the military, and a reluctance to intervene with right-wing death squads, themselves closely tied to government figures. The inflation rate declined, the GNP skyrocketed (until the oil price rise in 1973). But what happened to the income distribution? Real industrial wages were lower in 1970 than in 1960 (mostly due to government intervention in trade unions after the junta). The national income of the top 5% of income recipients increased form 27% to 37%; the share of the bottom 80% fell from 45% to 37%.[28]

Some of the people who were most deeply affected by the "miracle" were Amerindians in the Amazon region. The colonization of the Amazon was one of the major thrusts of the development scheme. Massive international loans were received for the construction of railroads and highways—to open the region for lumbering, mining, cattle ranching, and agribusiness enterprises.

The indigenous peoples of the Amazon are kinship-organized; they garden, fish, and hunt for their livelihood. They have survived the initial onslaught of European colonization centuries before: the epidemics, the slaughter, the enslavement. They have survived the intermittent contact with the diseases and brutality of fortune hunters, traders, and other representatives from the dominant society over the past eighty years. But from the mid 1960s to this day, they have faced a new threat: extermination or confinement on reservations.[29] The forced relocation programs are sponsored by the Brazilian government. The reservations are generally much smaller, or in much less favorable areas, than the traditional homelands. In addition, the relocations have sometimes grouped unfamiliar peoples together, sometimes even peoples who were traditional enemies (although confederations have been formed in resistance to the government policy). Some Indian areas have been opened by the government for settlement by impoverished peasants from the Northeast, in an effort to quell unrest in the face of increasing landlessness and malnutrition in that region.[30] The government has granted concessions to lumbering and mining corporations in

[26] *Ibid*, pp. 327-328.

[27] *Ibid*, pp. 327-328.

[28] Rini Templeton, "Most Brazilians find "miracle a mirage." *Dollars and Sense* (October, 1978):16-17.

[29] Genocide describes the attempt (successful or not) to physically exterminate a people. Ethnocide refers to the prevention of a people from reproducing their way of life. The genocide practiced toward the Brazilian Indians has been exposed by a number of international human rights groups: Amnesty International, the International Work Group for Indigenous Affairs in Copenhagen, among others. Brazilian governmental policy of forced relocation of the Amerindian peoples onto reservations has been condemned as ethnocidal by the American Anthropological Association (1983). These reservations are no guarantee of autonomy: the government has granted concessions for commercial exploitation or settlement to outsiders without consulting the residents.

[30] Shelton Davis, *Victims of the Miracle: Development and the Indians of Brazil* (Cambridge, Cambridge University Press, 1977), pp. 38-39. See also, Daniel Gross, "The great sisal scheme." In *Anthropology 83/84*. Elvio Angeloni, ed. (Guilford, Conn.: Annual Editions, 1983), pp. 205-208. (Originally appeared in *Natural History,* March 1971.)

other areas: the Indian inhabitants then become trespassers.

The scale of the operations is hard to imagine: cattle ranches in the southern part of Brazil (and these are sizeable ranches) average 800-900 hectares; the largest is 6,000 hectares. Now *one* ranch in the "colonized" Mato Grosso covers 695,843 hectares! (The smaller ones range from 10,000-20,000 hectares.)[31] The cattle-ranching operations are mostly large landowners who have contracted their products to multinationals, in a pattern familiar to remaining "family" farmers in the United States. Risks of production are assumed by the nationals; the multinationals control supplies, processing, and export. There are some exceptions: the King Ranch, in conjunction with Swift-Armour/Brazil, set up a 180,000 acre ranch in the region in 1968.[32]

In addition, the government has begun construction of a series of hydroelectric dams in the Amazon Basin. Financed through huge international loans from the World Bank and other agencies, these plants are designed to facilitate mineral extraction and processing. Concessions have already been granted to a number of multinational corporations thusfar.[33] The minerals and mineral products would be destined for export in almost all cases. These dams would flood or otherwise displace virtually all the remaining Brazilian Indian peoples: in the Xingu River Basin alone, up to 600,000 hectares may be flooded.[34]

To what end is this development? Who benefits? The export of minerals, agricultural products, manufactured goods are geared to the servicing of the massive debt incurred in the first place to enable profitable investment by multinational corporations. It is extremely difficult to see ways in which the bulk of the Brazilian population has benefited from the "miracle." They, however, face the austerity measures and, for the Amerindian peoples, the loss of a way of life, that are the consequences of a "stable and secure" business climate for the multinationals.

The Philippines: EPZs, Ethnocide and Insurgency

It is a mistake to suppose that the elite within any country constitutes a monolithic group. In neo-colonial countries, there frequently are splits between those who more or less support (regardless of rhetoric) the expansion of multinationals in the country, and those who favor more or less nationalist policies, such as prohibiting foreign ownership of operations over a given size. The Philippines provides us with one of many similar examples of what happens when one side of this debate is favored strongly by U.S.-based multinationals, international lending agencies, and U.S. foreign policy. The indigenous elite in the Philippines was divided over national development issues since the 1950s. Some sectors objected to the "free trade" policies set up along with flag independence after 1946. The Philippine Trade Act of 1946 gave U.S. firms "parity" with Filipino firms, with regard to extraction or use of natural resources. Reaction against these production and export agreements resulted in protectionist legislation in the 1950s. But with Macapagal's presidency (1962), these nationalist policies were replaced by agreements more favorable to foreign investment. According to Flynn and Burbach, multinational corporations such as Del Monte (with vast pineapple holdings leased from the state in Mindanao) learned to rely on certain political figures, notably Ferdinand Marcos.

> As head of the Philippine Senate in the early 1960s, Marcos made a reputation as a staunch defender of U.S. agribusiness when he blocked nationalist moves to prevent the expansion of pineapple plantations in Mindanao.[35]

[31]Davis, pp. 113-114.

[32]*Ibid*, p. 37.

[33]Paul Aspelin, "Too much light: hydroelectric development in Brazil." *Hydroelectrics in Central and South America* Anthropology Resource Center Bulletin 11 (May, 1982):9-14.

[34]*Ibid*, p. 14.

[35]Patricia Flynn and Roger Burbach, "Hawaii and Philippines: plantation plunder." NACLA/Latin America and Empire Report X:7 (September, 1976): 16-23.

The conflict between the nationalist sectors of the elite and those who strongly favored few restraints on foreign investment continued into President Marcos' presidency. In 1970, the Marcos regime, in the face of huge trade deficits, acceded to IMF and World Bank demands to devalue the currency and "liberalize" regulations to encourage (even more) foreign investment and imports.[36] Summer of 1972 saw a culmination of this fundamental disagreement about national development. The Philippine Supreme Court made several rulings

> that effectively voided U.S. parity rights. . . . U.S. corporations would be allowed no more than 40 percent ownership in their Philippine subsidiaries . . . they could not have direct representation on their subsidiaries' boards of directors; and, in a direct blow to Del Monte, . . . U.S. companies could not hold agricultural land.[37]

Very shortly thereafter, President Marcos declared martial law, rounded up nationalist opponents, dismissed Congress, and reversed the Supreme Court decisions. Conditions were created for ease in implementing the development plans for agriculture and industry. The incentives for multinational investment were compelling. Restrictions on capital and profit repatriation were lifted. In the Export-Processing Zones (EPZs), such as that in Bataan, companies were offered extremely low rent, highly favorable trade agreements, and an assurance of quiet, cheap and abundant labor.[38]

The labor conditions under martial law are of special importance. Strikes in "vital industries" were banned. These "industries" included export-oriented firms, public utilities, transportation and communications firms, food processing and distributing firms, financial establishments, schools, hospitals and colleges. In this way, the government could claim that not *all* strikes were banned. The government restricted the number of unions, seeking one per industry; thousands of previously registered labor federations and unions were denied recognition.[39] Trade unionists who protested were blacklisted: 6,000 in 1977 alone. While a minimum wage was acknowledged, a new regulation allowed companies to pay newly hired employees only 75% of the minimum wage for a six-month probation period. The abuses can be easily imagined.

Alongside these official restrictions on labor activities, there was the unofficial practice of the corporations. Eighty percent of the more than 28,000 workers in the Bataan EPZ were women from 15-24 years of age. Under martial law, maternity benefits were reduced. A young, predominantly female labor force in the electronics and textile firms was seen—in a sexist manner familiar to students of such industries throughout the world—as a guarantee of labor peace. It is not the case, as the briefest investigation into labor history will attest.[40]

With the promise of labor peace enforced by a globally recognized repressive military regime, multinationals in highly competitive industries poured in. Electronics and garment industries are prevalent in the EPZs: Texas Instruments, Motorola, Mitsumi, Levi-Strauss and Blue-Bell/Wrangler. By 1980, the EPZs held 57 mostly foreign-owned firms. The low labor costs convinced companies such as Mattel to relocate from other low-cost areas of Asia. The effective labor cost has been touted in trade magazines as only 49 cents an hour, *including* "benefits;" this represents a marked decrease from Singapore's estimated 95 cents and Taiwan's 85 cents.[41] Over

[36]Bello et al, p. 21.

[37]Flynn and Burbach, p. 19.

[38]Cynthia Enloe, "Women textile workers in the militarization of Southeast Asia." In *Women and Men and the International Division of Labor*. J. Nash and M. P. Fernandez-Kelly, eds. (Albany, New York: State University of New York Press, 1983), pp. 407-425.

[39]Bello et al, p. 142.

[40]Enloe, pp. 407-418. See also, Frances Rothstein, *Three Different Worlds: Women, Men and Children in the Industrializing Society* (Connecticut: Greenwood Press, 1983); Ida Susser, "Working class women and popular movements." Paper presented at the Conference on Urban Ideologies, Culture and Politics, University of California, Santa Cruz, March, 1984.

[41]Bello et al, p. 146.

the past decade, since this new industrialization has been promoted, real wages in the Philippine export sector have declined by 50 percent relative to real wages in Japan and South Korea, while labor productivity has increased by 13%.[42] Profits are high. A conservative estimate of the return on a dollar invested in the electronics firms is 54 cents.

Meanwhile, in the agricultural sector, under martial law and the new World Bank credit plan, the real income of rice farmers declined by 53% from 1976-1979. Agricultural growth increased by an average of 5% per year. Rural development schemes have focused on areas where insurgents are most active. Roads and bridges are being built through economic aid packages like Food-for-Work. These aid two important sectors: the large landowners and the military. In the guise of economic aid, the roadways to counterinsurgency are being paved.

As in Brazil, plans are underway to construct hydroelectric complexes in Mindanao and the central mountain range in Luzon. How can the Philippine government afford to build such large-scale infrastructure? On the one hand, loans are forthcoming from the IMF, the Asian Development Bank and the World Bank, as well as USAID. Costs of relocation are thus minimized for the lumber, mining, and other industries that will be the major beneficiaries of the cheaply generated electricity. As in the Amazonian projects, the Philippine government plans call for a series of dams to be used to generate power for lowland industry, and for lumber processing and mining operations in the highlands. The projects would flood lands belonging to tribal peoples. The Chico River project, already in the construction phase, is only one of the 21 dams planned.[43] In this case, over 500,000 Igorot people (mostly Kalinga and Bontoc) are immediately threatened.

Contrary to popular images of tribal peoples, these Igorot-sapeaking groups cultivate rice on carefully constructed mountain terraces. The lands that have been flooded—over 250,000 hectares so far—are not "waste" areas, but ricelands. But they are not ricelands held by multinationals and the crops are not contracted to multinationals. The ethnocidal nature of the government's actions in this situation has drawn international attention and condemnation.[44] Petitions, orderly and non-violent protests, delegations to the IMF, and so on from the affected Bontoc and Kalinga peoples have been met with indifference at first, then violent repression. The Philippine military have been moved to the region, in newly constructed base camps. The military have terrorized the local population, with arrests of leaders, beheadings, rapes, mutilations, and disappearances of those suspicioned of protest against the dam project. Some groups have been forcibly relocated, while others have, in the absence of other alternatives, joined the New People's Army, the guerilla movement that is now found throughout the Islands.[45]

The measures taken to assure a business climate of minimal costs of production have contributed to the formation of a country-wide resistance movement. The movement grows in spite of military and police efforts to eliminate all opposition. In the Philippines, alongside the quiet pursuit of stockholder dividends, another Guatemala, another El Salvador is taking shape. The peasants, tribal peoples, urban poor, urban workers, and many professionals—those who have had to pay for the "miracle"— are now protesting in spite of the political repression.

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[42] *Ibid*, p. 145.

[43] *Ibid*, p. 184.

[44] The Philippine government's ethnocidal and genocidal stance toward the tribal peoples of the Islands has received widespread condemnation (see e.g. Razon and Hensman 1976). The Chico River Dam and related hydroelectric projects have been denounced by the American Anthropoligical Association as in Flagrant violation of the Association's recognition of the right of indigenous peoples to self-determination (1983).

[45] Felix Razon and Richard Nensmen, "The oppression of the indigenous people of the Philippines." International Work Group for Indigenous Affairs Document No. 25. (Copenhagen, 1976).

Discussion

The case studies of Brazil and the Philippines presented above illustrate major convergences in the post-war period: different phases of international capital accumulation and the social and political consequences for populations in the "host" countries.

Several patterns emerge. In the post-Civil War period, U.S. companies, with the assistance of the U.S. military, colonized the lands held by indigenous peoples in the western "frontier," prior to significant expansion abroad. Infrastructure was built through outright land grants, extremely low-cost and in some cases, interest-free loans, and advantageous agreements between the U.S. government and the transportation, mining, and cattle interests.

Today, we see similar arrangements being promoted by the U.S. in its development aid packages, in co-operation with international lending agencies in which the U.S. government has considerable sway.[46] In many neo-colonial countries, areas that are traditional homelands of kinship-organized ("tribal") peoples are being defined as "frontiers" to be used for the growth of the dominant society's economic system. The scale of this development is far greater than the 19th century western United States; the corporations involved are now multinationals, and the markets are more completely international. Metaphorically, the multinational corporations are the heirs to the 19th century "robber barons."

The role of the state in such an accumulation process includes facilitating infrastructure construction. The post-war period has seen the rapid proliferation of U.S.-based multinationals throughout the neo-colonial world (although more in Asia and Latin America than in the newly-independent countries in Africa). The role of U.S. economic aid through the 1960s was to promote the use of new hybrid seeds and industrial technology in commercial agriculture. The consequent increase in the landless and the marginally employed created a readily available source of labor—and discontent.

Since the 1960s, U.S. textile, electronics, and other manufacturing firms have faced increasingly successful competition from Japanese and Western European multinationals. In this situation, the corporations benefit from ease in transfer of operations abroad (regardless of dislocations precipitated in the "home" country) and from the promise provided through a militarized host country of a "quiet" labor force and minimal restrictions on the transfer of profits and capital. The growth of export-oriented industries in the neo-colonial world is only minimally related to national development. If labor costs are more attractive elsewhere, as in the Texas Instruments case, the factories are closed. The benefit to the previous "host" country is moot.

Another aspect of the state role in fostering private capital accumulation involves removing—in one form or another—people who oppose the form of development. The genocidal policies toward indigenous peoples, and ethnocidal relocation programs in Brazil, the Philippines, and many other parts of the neo-colonial world echo the military and Bureau of Indian Affairs phases of U.S.-Native American relations. Initially, extermination was at least one of the governmental policies. Later, forced relocation to marginal areas considered useless at the time was used. Today, however, the expansion of the corporate world has made the "useless" areas valuable, and reservations have been the focus for a new phase of invasion. It should be stressed that mining and hydroelectric projects similar to those in the neo-colonial world have been implemented in recent years, or are being planned for many Native American reservations in this country as well. Energy-related and mineral extraction projects—the beneficiaries of which are almost uniquely multinational corporations, have been engineered on several reservations, sometimes despite the express wishes of the native Americans. In other cases, "consent" is garnered through U.S.

[46]Frances Lappe, Joseph Collins and David Kinley, *Aid as Obstacle* (San Francisco, California: Institute for Food and Development Policy, 1980).

government insistence on "elections"—a form of decision-making that violates the traditional peoples' more profound democracy, consensus.[47] The manipulation of reservation status by the U.S. government on behalf of corporate interests also is echoed in the U.S.-dominated neo-colonial world.

A third aspect of the state role in fostering capital accumulation concerns the containment of dissent, and absorption—at least in the now nearly abandoned welfare state model—of some of the social dislocations inevitably caused by priorities placed on accumulation. This is the primary source of militarization in many neo-colonial countries. Pressures for land reform, better working conditions, social services, and socially necessary infrastructure (such as adequate water and sewage systems in neighborhoods that are not middle-class or wealthy) have not been addressed, except through repression. Periods of less repressive conditions, such as in Brazil at this time, are threatened by the demands of the international lending agencies for repayment or servicing of massive debts incurred to develop along capitalist lines.

Forms of development where priorities are given to increase in productivity and the creation of projects for private export—rather than the improvement of living conditions for most of the people—inevitably result in political demands from those most negatively affected by the "success" of the development. Rather than question the priorities that cause such an erosion of living conditions, national governments tend to expand police and military sectors (financed directly and indirectly through the U.S. and other interested states) and curtail civil liberties, in all too many cases, to the point of torture, state-sponsored (or indirectly supported) terrorism against the population, and murder. To put it mildly, living conditions are thus further eroded, in realms that are impossible to quantify as a "standard of living."

In fairness, it should be pointed out that in some countries, the government has shown restraint in the imposition of repressive measures, but pressure is intense from bodies like the IMF and World Bank, and the U.S., to impose austerity budgets regardless of their social fallout. (The Dominican Republic is currently in this bind.) To service debt, the emphasis is placed on building up an export sector—both agricultural and industrial. But to build this sector, to attract industry and agribusiness, not only must infrastructure be provided (further increasing debt), but labor conditions must be created that are competitive with other, repressive regimes trying to attract foreign investment. To create these labor conditions demands alignment with the most reactionary elements in the labor movement, or the complete suppression of union activity.

To deviate from the "optimal conditions for investment" model—even without nationalization or socialization of industry or agriculture—is to risk ecnomic and military retaliation (as in Jamaica and Grenada). Not to deviate is to be complicit in an unavoidable suppression of legitimate demands for a decent life and significant political participation by one's fellow citizens. The latter "choice" has the advantage for those associated with the national state of being lucrative. To assess the overall impact of multinational corporate investment in the neo-colonial world, and at home, one must investigate the changes wrought in the lives of most of the people. If one considers people's everyday lives a matter of importance, one is drawn to conclude that the interest of the corporations and their institutional supporters are opposed to those of the affected peoples, and the impact has been one of creating or exacerbating national and global problems.

[47]David Harris, "Last stand for an ancient indian way." In *Anthropology 81/82.* Elvio Angeloni, ed. (Guilford, Connecticut: Annual Editions, 1981), pp. 257-263. (Originally appeared in the *New York Times Magazine,* March 16, 1980).

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