

1980

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## Scholar Commons Citation

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## Multinational Enterprise and Urbanism

ALVIN W. WOLFE

This paper<sup>1</sup> addresses the possibility that, in the future, cities may experience greater independence of nation-states than has been the case heretofore. The weakening of states relative to other institutions involved in the development of a supranational level of sociocultural integration makes possible a new kind of interdependence between multinational enterprises and urban communities. In this developing future, cities can provide the loci for certain operations of what is essentially a supranational system based on function rather than on territory.

The first part of the paper is a brief reminder that the city has been seen primarily as a reflection of the state. In the second part I urge more careful consideration of the fact that the city (as a developed form of local community) and the state (as a particular form of territorially based society) represent systems at different hierarchical levels of integration, and that the degree of dependence or autonomy between systems at different levels is variable. In the third part I present some evidence of the generation of a new sociocultural system at a level of integration above that represented by nation-states, and then, in the fourth, discuss some of the implications of that development for nation-states. Finally, I conclude with discussion of the implications of multinational enterprise and supranational integration for cities themselves.

### I

In the broad perspective of the flow of human history, the fortunes of cities and of states are closely intertwined. The phenomenon of the linkage of city and state has a long and respected history. In the 1840s Marx and Engels conjoined the two levels in stating that "the antagonism between town and country begins with the transition from barbarism to civilization, from tribe to state, from locality to nation, and runs through the whole history of civilization to the present day" (1947:43). Most scholarly treatments of cities, urbanism, and urbanization tend to treat these subjects as interrelated with the development of state societies. V.

Gordon Childe (1950) treated the city and the state as formations of a common evolutionary process that he came to call the urban revolution. And it was probably his work that has been most influential in setting the tenor of later anthropological studies of the evolution of cities (Adams 1966; Sanders and Price 1968).

Sanders and Price (1968) say that the problem of the development of cities is distinct from that of states because, in their view, not all state societies have settlements sufficiently large and nucleated to meet the criteria they set for cities. Still, although the reverse is not true, for them, the presence of true cities implies the existence of state-level civilization.

Gideon Sjoberg, though he never mentions the state per se, notes explicitly that although the distinction between a city and a society can be maintained theoretically, empirically they fuse, so that "our efforts to analyze one force us to treat the other."

In practice, the city is our starting point, but we have branched outward from it to encompass the total feudal order. This work is, in the end, a survey of the preindustrial civilized society with special emphasis upon the city, the hub of all major activity therein. (1960:332)

Sjoberg, of course, deliberately set out to find similarities among preindustrial cities. Although he did, as he says, place the cities of his concern in their general societal context, Sjoberg was not interested in variant forms of city that might have existed in various societies.

In *Urban Anthropology: Research Perspectives and Strategies*, Conrad Arensberg presented a much-needed corrective to the tendency to see cities as all of a similar mold:

Sjoberg's "preindustrial city," thus, is indeed an historically, regionally identifiable form of the city (and of the state). It is an important, fateful one—one indeed showing much cultural variation, a long evolution, and a final orthogenetic and distinctive overgrowth. In this it is like many another social form in cultural history. But it is not the only form of the city. It provides an indispensable key to our understanding of the classical social structures of the Mediterranean, Mideastern, and Chinese worlds. But it does not so easily explain other civilizations. For other worlds, which Sjoberg does not report, we must seek out other distributions and concentrations of societal functions, other distributions of social classes than the mandarins and the peasants. (1968:10)

Following, it would seem, some of the leads Arensberg cast so eloquently, Richard Fox develops a typology of cities that provides much more latitude for a number of kinds of variation. Fox, still, however, ties together the cities with the states in which they are located:

Cities are found only in societies that are organized as states. The complexity of the city as a social institution directly reflects the complexity of state political and economic organization. The city is thus defined

as a center for population concentration and/or a site for the performance of prestige and ceremonial functions found in a state society. The links between city and society emerge from the cultural roles—economic and political as well as ideological functions—that the city performs within the state society. The pattern of external adaptation linking city to society—and thus a holistic view of the city in its social and cultural setting—emerges from investigating the ideological and interactional ties of the urban locale to the state society. Different sorts of states (with varying technologies and urban economies) will have different types of cities, each with a distinctive urban ideology and organization and therefore a specific constellation of cultural roles. (1977:24-25)

## II

Social scientists, then, have tended to see the city in one way or another as a reflection of the state. Some emphasize the influence of technology or the mode of production; others emphasize the impact of tradition, culture if you will. There is good reason to believe in both points of view; and there is obviously evidence favoring both, though they may seem contradictory. I will not argue against either conceptualization, but will suggest that the differences between the several levels of sociocultural integration suggested by the terms *city* (or *community*) and *state* (or *society*) deserve more thoughtful attention if we are to understand their evolution, past and potential.

I strongly believe that our current approaches to understanding developmental problems of communities and societies pay insufficient attention to the qualitative distinctiveness of systems and subsystems at different levels of integration. It is not enough to make passing reference to a hierarchy of such levels as the family, neighborhood, community, and nation, as, of course, is common in our literature. Rather, we will improve our understanding if we consider what such a hierarchy of subsystems means in terms of the relative interdependencies among them and, especially, the relative autonomy each subsystem has.

The essential idea comes, I believe, from Julian Steward (1950, 1951, and 1955) as a part of the set of concepts and methods that came to be called multilinear evolution and cultural ecology. But neither he nor others who followed him made much of what I think is the most interesting and useful element of Steward's theory: the conception of qualitatively distinctive organizational systems at hierarchically ordered levels of integration.

A common use of part of what Steward had in mind is the ordering of societies according to the highest level of organizational system each evidenced (for example, band level societies, tribal level societies, chief-

doms, nation-states). But there is deeper meaning in Steward's model that is of crucial importance to an understanding of the process of evolution. Steward made it quite clear:

In the growth of continuum of any culture, there is a succession of organizational types which are not only increasingly complex but which represent new emergent forms (Steward 1950:106-14). The concept is fairly similar to that of organizational levels in biology. In culture, simple forms, such as those represented by the family or band, do not wholly disappear when a more complex state of development is reached, nor do they merely survive fossil-like, as the concepts of folkways and mores formerly assumed. They gradually become modified as specialized, dependent parts of new kinds of total configurations. The many-faceted national culture . . . represents a very high developmental level. (1951: 379)

The ethnographic record provides ample evidence of some of those modifications. Look, for example, at the variety of forms of domestic groups: Everywhere there is something at that level, regardless of what system or systems exist above it, whether bands, villages, states or whatever. Needless to say, domestic groups are constrained by the systems at higher levels, but there are apparently some immanent requisites that give domestic groups some measure of autonomy. At least it can be said that their variation in form is not infinite, and some forms have demonstrated considerable endurance over the millenia despite changing conditions.

All people, too, organize themselves in some form of sociocultural system that will satisfy a reasonable definition of local community. Ralph Linton (1936) spoke of the local community as being a true universal, one human institution that will always be with us. Arensberg and Kimball (1965:17), in this same vein, call for a definition of community "which yet still allows us to deal with the hugely diverse communities, from bands to the villages, cities, and metropolises, of human social history and of modern sociology." But how varied are these communities? Responding as they do not only to pressures from the domestic domains within them, but to the vicissitudes visited upon them from systems higher in the hierarchy (when such exist, as they almost invariably do), and, as well, to whatever signals are inherent in their own nature as the primary human social invention, local communities through history have assumed a wide variety of forms.

Above the community so defined the ethnographic record is even more varied. Until these last few years, during which every inch of the earth's territory has been subjected to the claims of one or another state, many communities were parts of acephalous systems (tribes, or whatever). But to say a community was a part of a tribal system does not

mean the community had no distinctiveness of its own. Each community is a system within a system, more or less autonomous, more or less dependent. Tribal systems differ, too, in their relative autonomy and dependence on the communities and domestic groups involved in them.

As a matter of historical fact, although not, unfortunately, recorded in detail anywhere, some tribal systems experienced transformations into new forms we came to call states. Changes at the level of integration had impact on the forms of local communities but did not necessarily determine their every characteristic. In some respects, state systems require less conformity of community form than do some tribal systems. Where population size and density reached some threshold level, and where that population was differentiated sufficiently, some local communities were transformed into systems we are willing to call cities. Again, there is variability in cities' autonomy and dependence with respect to the state systems in which they participate, just as any state is variably dependent or autonomous with respect to the cities and other communities that are subsystems within it. Nor should we forget those domestic groups that are still with us, interacting with subsystems above them from their lowly place in the theoretical hierarchy. And to complicate matters, other, more specialized subsystems (work groups, associations, corporations, neighborhoods, political parties, classes) have been institutionalizing themselves along the way.

It is complicated, yes, but still comprehensible, as a complex, hierarchically ordered set of subsystems. As some scholars of hierarchical systems have argued and demonstrated, the hierarchical arrangement of relatively stable subsystems makes it possible to understand better not only how they work but how they could have been generated in the first place (Grobstein 1973; Maruyama 1963 and 1974; Pattee 1973; Simon 1977).

The view I take here is that any sociocultural system is composed of parts that must themselves be seen as subsystems with varying degrees of mutual interdependency, the subsystems differentially autonomous and dependent with respect to other subsystems as well as with respect to the whole. Seen this way, one can appreciate the generative process by which a new system, qualitatively distinctive, at a hierarchically superior level of integration, comes into being. Previously existing units and subunits, in the course of adjustment and adaptation, change their relations with one another and sometimes are integrated to a point where new units or subunits are recognized. (By actions, interactions, and transactions of certain kinds that we come to label acts of incorporation, new corporations are formed, for example.) Previously existing units or subunits change their internal structure so that we recognize new units

or subunits generated by fission or a living-off process: By the normal development cycle of domestic groups, new households are created. At some point, gradually approached without doubt, but sometimes dramatically reached, all the internal and external relations of units and subunits are different enough from what they were previously, and those relations are dependent enough on some system of wider scale, that we may recognize that a new system at a higher level of integration has been generated.

Cities can best be seen as transformations of nucleated communities, transformed in the process of evolution of nation-states. In this, my view is quite consistent with that of other authorities. I have no quarrel, for example, with Arensberg's presentation of the material on Dahomey:

The royal city, then, is an attested form of the city, as we see, but different indeed from the industrial and the "preindustrial" city. Like all other forms of the city, it is also very much related in form to other constituent communities of its culture and its society. It is also, of course, hugely modified by its new state functions. In the Dahomeyan case it seems to fit the Weberian patrimonial kingdom—an early, royal but not imperial or "hydraulic" state—about as neatly as the "preindustrial city" [of Sjöberg] fits the Weberian and the Wittfogelian "prebendary bureaucracy" and the scribal or mandarin empire. This may well be the general case: as we come to identify new forms of the city, perhaps we shall also identify new forms of the state. (1968:12-13)

Where I go beyond most others, including Arensberg, is in stressing the idea of *variable* dependence and autonomy of systems at different levels, along with the idea that *evolution of new systems* at higher levels did not end with the state but continues on.<sup>2</sup>

### III

There is good evidence now of the generation of a new sociocultural system at a level of integration higher than the level represented by nation-states. In the early 1960s my concern with the problems of new African states in central and southern Africa led me to recognize the importance of multinational enterprises in the mining and metals industries (not so much in their individual actions as in their systematic organization at a supranational level). As early as 1963,

I found the mineral extraction industry of southern Africa to be organized in an intricate social system based more on overlapping membership of a variety of groups than on a bureaucratic centralization of administrative power. The network binds groups that are different both structurally and functionally, some business corporations, some states, some families,

in a modern supranational structure that is more than just international. . . . The several hundred mining companies operating in southern Africa are integrated through a series of relationships that focus on some of the larger among them. . . . Then, in a variety of ways, these corporations are linked with governments. (Wolfe 1963:153-54)

A consequence of the operation of this system is that raw materials for the world's industrial plants are produced; natural resources are discovered, their exploitation managed, and the ores treated and shipped to Europe and America. Nationality is not an issue, for "the corporations of this group are registered in many different states, and are owned and directed by persons of diverse nationalities. . . . The supranational integration in the economic sphere tends more and more to supersede the political, international, ties and cleavages" (Wolfe 1963:164). This whole seemed to me to have a structure more like the tribal structure of the Aranda of Australia, where ties of local community, marriage class, and totemic groups intertwine to maintain a tightly knit social fabric (Spencer and Gillen 1927), or like that of the Tallensi of Ghana, where counterpoised ties and cleavages require complementary action to "prosper the land" (Fortes 1940), than like anything social scientists have so far described in the Western tradition. Yet its component parts include bureaucratically organized companies and states instead of totemic groups and lineages. Because the system as a whole is above the level of nation-state, and is not merely an inter-national or inter-state political subsystem, I decided to treat it as a new system at a supranational level of integration, something still in the process of developing, an emergent form concomitant with intensive, technologically sophisticated industrialization of the world.

Since that time, multinational phenomena of that kind have become a matter of great interest to others (economists, political scientists, people in business and government generally), some of whom have devoted much effort to their analyses. But these studies have usually conceptualized the worldwide phenomena as merely quantitative increases on a number of related scales: exponential growth in volume of goods traded among countries; technological improvements in transportation, communication, manufacturing, packaging, and so forth; increase in number of nation-states; relaxation of governmental restraints on trade between nations; worldwide growth in demand for goods; and the internationalization of production per se through multinational corporations. They have not conceptualized them, as I have tried to do, as an integrated whole representing a genuinely new sociocultural system, subsuming existing systems and subsystems, but not necessarily eradicating them.

Important to this whole supranational system, perhaps central to it, is



the type of economic unit to which the term multinational enterprise has been applied. Please note certain distinctions: (1) a *multinational corporation* is simply one company whose ownership is divided among persons of different nationality and which operates in several national territories; (2) a *multinational enterprise* is a cluster of corporations of diverse nationality joined together by ties of common ownership and responsive to a common management strategy (Vernon 1972); (3) the *supranational system* of which I speak is a sociocultural system involving all kinds of components—states, corporations, enterprises, communities, families, persons—systematically processing information in such a way that the higher-order system exerts control over the elements organized at lower levels of integration.

Raymond Vernon, who coordinated a major research effort aimed at understanding multinational enterprise, sees such enterprise as "a striking illustration of the extent to which modern means of communication permit an integrated organization of linked resources in different national economies in order to serve a common set of organizational aims" (1972:8). Vernon goes on to comment, "Nothing is altogether without precedent in human institution-building; but the multinational enterprise, as I use the term here, comes very close to lacking a relevant precedent" (1972:8).

It is important to appreciate that the supranational system I see developing goes even beyond Vernon's multinational enterprise. It is different also from an international organization of states such as the United Nations or the Organization of Petroleum Exporting Countries. It is different also from a formal organization of corporations in a cartel. The supranational system is, as I define it, a newly developing recombination of elements from such previously existing systems. When a complex hierarchical system experiences rapid and intensive changes, as I argue is happening at several levels in modern societies, new phenomena may be generated, and, in theory, a new and higher level of integration might be established. If this is the case, then, as Steward might have put it, existing forms will not wholly disappear or merely survive fossil-like, but would become modified as specialized dependent parts of new kinds of total configurations.

I see such fermentation going on now, changing our institutions. Multinational business firms are obviously involved. Have we been following such changes carefully enough? Some comments I published in *Current Anthropology* (1977) bear repeating here:

Anthropologists are currently engaging in debates about corporateness (e.g., Dow 1973). This is not the place to review all of the arguments, but it is important to note that, in the real world, that invention of a few

centuries ago, the business corporation, has been undergoing tremendous change. In terms of size and internal structuring, and in terms of the legal status accorded them, the modern corporation is probably the most novel and varied social institution of the industrial period. Once a legal fiction recognized by a state government for a strictly limited purpose, the corporation has developed to the point that some of its variants are operating multinationally, with virtually unlimited purposes of their own and identities quite unrelated to their origins and to the identities of their shareholders, and controlling in some sense more resources than most states. Exxon tops the list of corporations with sales of \$44.9 billion in 1975; General Motors follows with sales of \$35.7 billion. On a list of the 100 states and corporations with the largest economic product, Charles Caro (personal communication) finds that 44 are corporations, Exxon ranking 21st and General Motors 24th. With corporations controlling not only their own resources but also, through shareholdings and management arrangements, other corporations, we are witnessing some significant social developments. Corporations are themselves systems of organized functional parts—production division, sales division, planning division, intelligence division, administrative division—so that, properly fed, they survive and grow and interact with other corporations to generate joint-venture corporations with lives of their own. They also combine to form families of corporations and networks of corporations. Given the sophistication of data-processing systems available now, many decisions can be and are being made by computers programmed for given contingencies and strategies. By this evolutionary process, a social actor has been created which is much less under the actual control of men than we expected it to be, much less so than many even now think it to be. The intelligence requirements of multinational corporations are discussed in some detail by Eells (1969), Murray (1972), and Goodman (1976). Although it is tempting to regard this phenomenon as science fiction, it is real—not the caricature of the giant computer printing out orders to mindless robots, but the fact of a social system involving states, corporations, and networks of corporations and states and persons, systematically processing information in such a way that a higher-order system exerts significant control over the elements organized at lower levels of integration. (1977:619)

#### IV

The impacts of multinational enterprise and of the development of a supranational system on the cities of the world is our specific topic here. It should not surprise us that to study those we must look as well at the impacts on nation-states. In fact, there is a considerable literature on the latter subject, but not much at all on the former.

I concluded my 1977 article, "The Supranational Organization of Production," with the following paragraph:

There is considerable controversy in the literature about the relative power of multinational corporations vis-à-vis nation-states, and several authors have even drawn up lists of powers of multinational corporations, powers of home governments, and powers of host governments (Barnet and Muller 1974, Ewing 1972, Galloway 1971, Hymér 1972, Kapoor and Grub 1972, Paquet 1972, Tugendhat 1971, Vernon 1970, 1971, 1974, Wells 1971). Instructive and useful as these discussions may be they tend to pose the question in the wrong way. The real question is not their powers relative to one another, but their roles in the wider system that encompasses as well all other known institutions. We need to apply ourselves to the task of describing the supranational system as it is developing, and describing all the institutional modifications that are a part of this generative social process. (1977:620)

In this, I seem to be at odds with several important trends of thought on the subject. There are those who steadfastly believe that corporations and states are simply inseparable parts of monopoly capitalism, and that it is wrong to consider that they are experiencing changes through time which generate new relationships among them. Harry Magdoff (1978) insists that the multinationals are in harmony with the system of nation-states and the interwoven imperialist network: "In fact, these firms—and their so-called global technology and administrative structures—evolved in a system of nation states in a fashion best adapted to struggle for profits and control in precisely that environment" (1978:182). He goes on to maintain, "The nation states of the advanced capitalist areas are becoming more rather than less important for the well-being of the multinationals" (1978:185).

Then there are those who decry the increasing power of corporations relative to nation-states and believe that governmental action or inter-governmental action could, and should, regain control over them. But the decriers in turn, divide among the following: (1) those who would restrain corporations for the benefit of working people everywhere; (2) those who would restrain corporations for the benefit of their own national interest; and (3) those who would restrain corporations for the benefit of those people deemed most exploited in the Third World, or on the periphery of the capitalist system. And there are those who feel multinationals should not be restrained because they provide the capital, technology, and organization to develop precisely those countries which are now, in their view, underdeveloped and, therefore, poor.

My own belief is that the supranational system in the making is so differently structured from the world economy of Marx and Lenin that their interpretations must be reevaluated. For the rest, events have proceeded too far toward control by the supranational system for states to

reassert the control they once exerted over business enterprise. The changing relationships among states and corporations involves, I think, the kind of process that Magoroh Maruyama (1963) calls "deviation-amplifying mutual causation," in which each response elicits still greater change.

My own value position is that states and corporations both exploit most of the world's people, in the so-called capitalist center, as well as on the periphery, and the system controls exerted by the developing supranational system will probably not better anyone's lot. I do not see the supranational organization of production as being any utopia. It is what it is: a qualitatively distinctive system operating on a very large scale. Class antagonisms may be exacerbated and certainly expanded to a worldwide scale, but neither revolution nor coup d'état is likely at that level, not because people are not alienated, but because the system is too complex and too decentralized to be overthrown.

John Friedmann, in a recent article, "On the Contradictions between City and Countryside," argues that the two opposing bases of social integration, which he calls "functional" and "territorial," constitute a "cosmic" contradiction expressed everywhere and at all levels. He cites Mao Tse-Tung as saying, "In any contradiction, the development of the contradictory aspects is uneven. Sometimes, they seem to be in equilibrium, which is, however, only temporary and relative, while unevenness is basic. Of the two contradictory aspects, one must be principal and the other secondary. The principal aspect is the one playing the leading role in the contradiction. The nature of a thing is determined mainly by the principal aspect of a contradiction, the aspect which has gained the dominant position" (1978:9). The contradiction between city and countryside cited by Marx and Engels (1947) was a historical expression of the cosmic contradiction, the city having developed predominantly in the functional mode as a network of pragmatic relations, while the countryside retained more of a sense of identity, of place. Friedmann continues, "As urban infrastructure spread across the continent in Western Europe and in America, functional patterns of social integration were winning out over divided territorial powers." Local powers were dissolved and territorial power was newly integrated at the national level. "With the substantial victory of corporate power, older social distinctions between rural and urban areas all but vanished" (1978:19).

Friedmann points out that the parallel growth of corporate and national power made it seem natural to assume a virtual identity of interests. On that assumption was built the Leninist theory of imperialism and its more recent revisions (Magdoff 1978). Friedmann continues:

What may have been true of the 19th and early 20th century; however, when colonies were little more than distant national peripheries, is certainly no longer true in the era of communication satellites and the

21). Friedmann declares that large cities are still financial centers, but in a global, interlocking system; in other words, their dominance is no longer based on territory.

Friedmann concludes by arguing that the only long-term answer to the threatening breakdown of national control is to territorialize development, "diminishing the ties that bind national economies to the global system, recentering them on their own resources and historical traditions" (1978:23-24).

Looking at the same facts, I feel it would be a futile gesture to try to prevent the evolution of the supranational system by reemphasizing the nation-state. The history of nation-states, replete with warfare between them and oppression within them, suggests that their weakening has definite advantages. The territorial principle on which their integration is based was clearly overrated, territorial boundaries being maintained coercively and used more often to increase unhappiness than to enhance satisfaction. Let the balance be redressed by putting more emphasis on other levels of integration. At the community level, village and neighborhood values held in common may provide satisfaction, especially if there is relative freedom of movement. At the supranational level, perhaps the exploitation inherent in corporate operations, if not abetted by the exclusive powers of nation-states, can be countered by the involvement of corporations in noncentralized heterogeneous networks of social formations of varied interests. Along with others looking for alternatives to war, Margaret Mead (1968) made suggestions along these lines. In following them humankind might fall short of paradise, but it would presumably survive.

It is my belief, as I have already said, that the controls of the supranational system are not centralized. Just because the system is at a high level in the entire sociocultural hierarchy does not mean that it is itself

pyramidal, characterized by a central, apical point of control or decision-making.

A network model is most appropriate for describing the control aspect of the supranational system. As I put it elsewhere:

Wherever one looks into the system, no matter what actors one looks at, there is clearly a plexus of ties that relate companies, persons, governments, institutions of many kinds. No one unit can really break out in a new direction, introduce any drastic change without other units being aware of it and adjusting their own strategies. If a new development appears threatening, influences will be felt from many quarters. International financiers always explain their actions of granting or withholding credit by reference to market information, but they are guided by all system information in the network, not just market information. Individual businessmen who manage multinational corporations are considerably controlled by knowledge of all these interconnections. In consequence, the multinational behavior of most companies and governments is quite predictable—systematized. The multinational actors are controlled not quite as a shepherd controls a flock of sheep, but more as a flock controls its own. (1977:19-20)

The relatively noncentralized network structure that I (1963) suspected I saw in the international mining industry of southern Africa in the 1960s is corroborated to some degree by recent network studies of major American corporations, some of which are, of course, multinational. Joel Levine (1977), working with data collected by Peter Mariolis and Michael Schwartz on the interlocking directorates of 797 corporations, found that the whole set tends to be interconnected by relatively short paths in an undifferentiated network. Although he found that banks and insurance companies tended to have larger boards of directors and concomitantly more interlocks with other corporations, Levine could not discover any hierarchical patterning suggestive of monopoly control or even of several centers of power.

Networks are deliberately built and expanded. Barnett and Muller describe how Kennecott built a formidable "network of transnational alliances . . . to insure that nobody expropriates Kennecott without upsetting relations to customers, creditors, and governments in three continents" (1974:85).

Raymond Vernon points out that leading corporations, sharing a common capacity for mutual destruction, a common concern over new entrants, and a common need to find some form of cooperative behavior, seek "to join one another in joint ventures, follow one another into new locations, and establish bridge-heads on one another's main markets" (1974:277). These risk-reducing behaviors, which he sees as increasing, are evidence of increasing systematization. They are not only risk-reduc-

ing for the corporate actors individually, they are also mechanisms that promote the integration of the larger system. Joint ventures aid corporations to "move toward a common set of cost structures" and to "observe one another's competitive behavior at closer range." Countervailing bridgehead behavior, sometimes called the "exchange of hostage syndrome," has as its objective "partly to share . . . strengths and partly to encourage . . . cooperation" (1974:277-78). The elaboration of networks by joint ventures and other risk-reducing transactions is observable in the nonferrous metals industry. For examples in southern Africa, see Wolfe (1963); for examples in Peru, see Brundenius (1972).

The governments of most nation-states find themselves in weak bargaining positions now, and the situation seems likely to worsen for them as multinational enterprise increases and the supranational system tends more and more to dominate. Weak governments, in the hope of attracting or keeping commercial and industrial development, offer incentives in the form of tax abatements, risk-reducing exclusive licensing, liberal depletion and depreciation allowances, liberal accounting practices, and so forth. Brundenius (1972) discusses such provisions in Peru's mining laws, making the additional point that when the state becomes a multinational enterprise's partner for the exploitation of minerals, the miners and other workers may not themselves reap the benefit. This, indeed, was the case in the colonial period in the Belgian Congo, where the government participated in the ownership of the nonferrous minerals industries, and it may still be a problem in the so-called nationalization industry of Zaïre today. In Jamaica, where there has been some attempt to foster development through industrial incentives, it has been reported that two-thirds of the firms operating under government incentives have some form of monopoly (Holzberg 1977). It will be interesting to observe the arrangements China makes with multinational firms during the post-Mao period, now that they seem to have decided they need to develop grand-scale enterprises more quickly than had previously been planned.

Holzberg (1977) concludes her analysis of the Jamaican situation with the citation of five features that she believes reflect the general structure of the global industrial system, descriptive of the Jamaican experience but valid elsewhere, even in developed, industrialized countries: (1) the tendency to launch projects that are capital intensive, prone to monopoly, and dependent on government support; (2) the tendency for large industrial concerns to have originated as private family businesses; (3) the tendency for persons in charge of the organization, finance, and control of industries to influence national policies because of their potential to generate, transform, and transfer flows

of capital; (4) the tendency for a national industry to be interlocked with, and be dependent upon, foreign resources and personnel; and (5) the tendency for large squatter settlements to spring up around areas of dense industrial production, an indication of the national society's inability to provide adequate infrastructures for the urban industrial population.

V

What are the consequences for cities, in this development of a supranational network of multinational corporations and states? To the degree that cities must depend on their respective states in their relations with corporations, cities suffer from the weakening of states relative to corporations. But insofar as cities have some degree of autonomy, the weakening of states improves the position of cities, at least in relation to states, and perhaps more widely.

Interestingly enough, there is not a coherent body of literature on the political relations between cities and nations, and virtually no literature at all on the place of cities in multinational enterprise or in what I call the "supranational system." Richard J. Samuels in a review of comparative studies of the "extralocal" linkages of cities, points out that, in America at least, local political systems were long viewed as independent, closed systems, whereas in the Third World the assumption of the literature on political development was that the urban centers were almost completely dependent on extralocal factors. Now, according to Samuels, there is increasing recognition in developed countries that cities depend on extralocal linkages, and that, on the other hand, with respect to the Third World, there is "a wave of revisionist literature . . . stressing that central controls upon local policies are not always as effective as was previously assumed" (1978:25).

Samuels outlines three broad types of extralocal linkages: intergovernmental, extragovernmental, and integrative (government to non-governmental institutions). In regard to our problem he says, "Economic institutions such as large corporations and banking systems are as much a part of the political and social life of the locality as they are a part of the larger system" (1978:34). Elaborating, he makes it quite specific:

Yet another form of this integrative linkage is the relationship between local governments and major industrial firms which are being sought after for relocation or for the construction of new plants. Muramatsu (1975) claims that it was the wooing of new industry by localities which served as a significant local level contribution to Japan's economic de-



velopment. He reports that almost three-quarters of all Japanese municipalities have ordinances prescribing incentives for the siting of new industries. . . . Allinson (1975) offers the striking historical case in which substantial cooperation was extended by local officials in the siting of the Toyota enterprise in Kariya City, Japan. (1978:35)

Clearly, different cities have different opportunities in this regard, politically, geographically, and functionally. Japanese localities perhaps already have more constitutional privileges to offer incentives (including "substantial cooperation") to business corporations than have cities in many other nations. In the United States such incentives are more likely to be offered, until now, anyway, at the state level. Singapore, as an autonomous city-state, represents the extreme of autonomy, a city that can negotiate for itself in relative freedom from consideration of its geographical hinterland. Hong Kong, though not independent, appears to have considerable autonomy in dealing with multinational firms, in matters of the kind we are discussing here. What cities might be at the opposite political extreme, with no power to negotiate for themselves, would have to be determined empirically. French cities may be low in autonomy relative to French national power. The autonomy of American cities depends, in part, on actions of state legislatures. Florida granted virtual sovereignty to a locality, Reedy Creek Improvement District (alias Walt Disney World), including exemption from all environmental, zoning, and land-use regulation. Disney enterprises, while not yet truly multinational, plan an Experimental Prototype Community of Tomorrow (EPCOT), and in 1978 hosted the World Congress of the International Chamber of Commerce with the theme "Enterprise, Freedom, and the Future." Political situations can change, obviously, in either direction, but I suspect the general trend will be toward greater local autonomy relative to nation-states for some cities, vis-à-vis the supranational system.

Those cities whose autonomy is high now and those cities whose autonomy will increase are those which can provide convenient sites for those operations necessary for global or continental management of multinational enterprises. According to David A. Heenan, the "global cities of tomorrow" are already competing for multinational attention. "In selecting a city for regional office location, most important to international businessmen are a city's political stability, its supporting infrastructure (especially financial services) and the cost of maintaining an expatriate staff, air transportation and communications. Of least concern are proximity to corporate or international headquarters, tax and related incentives, housing, education, and medical facilities, and availability of office space and personnel" (1977:84).

According to Heenan, Paris and Coral Gables, Florida, are imaginatively pursuing multinational reach. Paris, which would have been a natural corporate choice from the beginning, was apparently outdistanced by London and Brussels during the De Gaulle period of xenophobic nationalism. That Coral Gables is cited rather than Miami, of which it could be considered a suburb, is due to the fact that the city adopted an aggressive approach and has achieved considerable success.

A 1977 report on the economic and social impact of multinational corporations in the state of Florida notes that Coral Gables, whose legal identity is separate from Miami's, had already attracted the regional headquarters of sixty multinational corporations even before the state established its office of Director of International Development there in 1977 (Horrigan 1977). State officials, incidentally, although trying to foster multinational activity in Florida generally, for political reasons avoid favoring one locality over another. In responding to requests for information from potential investors, the Florida Department of Commerce usually provides data on eight different locations that meet stipulated requirements. Special incentives or cooperation to be offered in Florida situations come from the local areas, from both public and private sources.

Heenan's study of global cities, incidentally, finds that urban satellites, suburbs if you will, are having only limited success because multinational corporations are not moving far from the city proper, which can offer the services still needed (in finances, transportation, and communication). Coral Gables is somewhat of an exception in this regard, successful in part because of the easy ten-minute drive to the Miami International Airport.

It should not go unnoticed that although popularly elected city governments may be involved, the leadership in dealing with multinationals lies more often in nongovernmental business and professional associations such as the Chamber of Commerce, a development association, or a Committee of 100. In this regard it is interesting to contemplate the bold statement of Henry Etzkowitz and Roger Mack (1978:46): "The city is a social form subsidiary to the corporate system." What shapes a city is the direction and control of the economy, shifts in population, and the development and use of technology. "Decisions about these matters," they say, "are made by men who run major . . . corporations. These corporate decision-makers can move existing operations as well as establish new plants and offices" (1978:52-53). The effects of one such move into and out of a city are described in an article entitled "The Memphis Runaway Blues" by David Ciscel and Tom Collins (1976). Etzkowitz and Mack believe that American urbanists must "analyze corporate lo-

cations decisions in order to pierce the rhetoric of corporate responsibility and infer the urban policy that these capitalist institutions have set for American cities" (1978:53). The condition, however, is not just an American problem, for, as we have seen, the corporate system of which they speak truly operates at the supranational level.

Nation-states are not, after all, fundamental particles of the universe. They were generated by social processes capable of generating other social formations. Local communities have a much longer history, and possibly more of a future. If functionally based organizations such as corporations are growing in size and importance relative to territorially based organizations such as states, and if cities are virtual subsystems of the corporate system, then whatever happens at the supranational level involving states and corporations will have critical impact on cities.

## NOTES

1. This paper draws heavily on the author's "The Supranational Organization of Production: An Evolutionary Perspective" (1977) in *Current Anthropology* 18(4):615-35, which itself was an expanded version of a paper, "The Mode of Production: Method and Theory," originally presented at the 141st annual meeting of the American Association for the Advancement of Science, New York, January 1975, as part of a symposium organized by James Silverberg.

2. R. N. Adams (1975) and Cyril Belshaw (1976) express views comparable, though not identical, to mine in this regard.

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