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The Supranational Organization of Production: An Evolutionary Perspective

by Alvin W. Wolfe

INTRODUCTION

The extremely rapid rate of growth in international economic activity in the past 20 years is deserving of special attention, practically and theoretically, by anthropologists no less than by economists and political scientists.

After centuries of only gradual inclination, the volume of international trade in manufactured goods among the industrial countries tripled in the 20 years preceding 1975. Some of the reasons for this are obvious: technological improvements in transportation, communication, manufacturing, packaging, and so forth. Others are less obvious, but widely appreciated: increase in the number of nations, relaxation of governmental restraints on trade between nations, and worldwide growth in demand for goods. Most interesting among the factors making

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1 This paper is an expanded version of a paper originally presented at the 141st annual meeting of the American Association for the Advancement of Science, New York, January 1975, as part of the symposium "The Mode of Production: Method and Theory." I wish to express gratitude to James M. Silverberg, the organizer of that symposium, whose interest in my earlier studies of the supranationally organized mining industry stimulated me to review this fertile field of scholarship. I owe also a debt of gratitude to Mary Gray Rust, whose research assistance made possible the writing of the symposium paper, and to Gilbert Kushner, who made helpful comments on the manuscript.

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for the sudden quantum leap in international trade statistics, however, is the complex of organizational events and patterns that has been called "the internationalization of production."

Central to this complex is the development of a new type of economic unit, the multinational enterprise. Vernon (1972:8) sees it like this:

The multinational provides a striking illustration of the extent to which modern means of communication permit an integrated organization to link resources in different national economies in order to serve a common set of organizational aims. The term "multinational enterprise" is sometimes confusing and always imprecise; but what I have in mind here is simply a cluster of corporations of diverse nationality joined together by ties of common ownership and responsive to a common management strategy. That kind of definition serves well enough to characterize Ford or Nestlé, IBM or Philips.

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.

What is most significant is not merely that trade has increased, but rather that production is being organized on a worldwide scale. What we see is not simply trade between separate buyers and sellers at arm's length in an open market, but rather an organization of the factors of production among sets of enterprises that operate in several nation-states.

The changing system we are experiencing is better revealed in data on investment than in those on trade. Unfortunately, statistics on international phenomena are often rough approximations. Polk (1972) estimates that foreign investment and production activities in the noncommunist countries amount to $450 billion in value. Almost one-sixth of the aggregate world production has come to be organized multinationally, and the multinationally organized production is growing more rapidly than the aggregate. As Polk says (p. 74), "I think it may be accepted that at this level of relative importance internationalized activities suggest not just a special area of overlap among national economies but rather the solid underpinning of an emergent world economy."

In support of my contention that these phenomena are dynamic, not merely massive, I would point out that U.S. direct investment in foreign countries, only $11.8 billion in 1950, increased almost tenfold by 1973, to $107.3 billion (U.S. Bureau of the Census 1975:799). The World Bank Annual Report for 1976 shows that the private resource flow (investment) into developing countries increased from $3 billion in 1960 to $21 bil-
tion seems to be emerging regardless of the modes of production thus integrated, and empirically, because socialist and communist governments are now to some extent participating in the supranational system through contractual agreements with "private" multinational companies and through joint ventures with capitalist companies. I have not been able to find a Marxist work which treats the supranational system as anything more than an imperialistic continuation of the growth of nationally based monopoly capitalism. Although he has much more to say than this quotation implies, Magdoff (1976:216) tends to shrug off the recent growth of multinational corporations as "merely the latest emanation of the restless accumulation of capital and the innate drift towards greater concentration and centralization of capital." An interesting discussion of some of these matters is found in Horowitz (1975), but even there one finds almost no direct reference to writings by representatives of a firm Marxist position. Another comment on Marxism and multinationals is found in Von Krosigk (1972). A few international-organization scholars (Galtung 1968) or students of "international management" (Galloway 1971) approach the problem from an appropriately broad perspective, though I do not believe their theories are yet adequate.

A theoretical approach that promises to provide an adequate frame of reference for study of the internationalization of production is a sociocultural evolutionary one such as that for which the essential components are proposed by Steward (1955). His systematic model—usually referred to as "multilinear evolution" or "cultural ecology," although neither title suggests the elements that give the theory privileged status here—includes prominently 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 or organizational system each has evidenced—for example, band, societies, tribal societies, chiefdoms, nation-states. There is, however, a deeper meaning in Steward's model that is important to an understanding of the processes of evolution.

"In culture," Steward (1953:53) writes, "simple forms, such as those represented by the family or band, do not wholly disappear when a more complex stage of development is reached, nor do they merely survive fossil-like...they gradually become modified as specialized, dependent parts of new kinds of total configurations." Thus, any sociocultural system is composed of parts that must themselves be seen as subsystems of varying degrees of mutual interdependency—subsystems differentially autonomous and dependent with respect to one another as well as with respect to the whole. Seen this way, the generative process by which a new system, qualitatively distinctive, at a hierarchically superior level of integration, comes into being can be appreciated. Previously existing units and subunits, in the course of adjustment and adaptation, change their relations with one another and sometimes "integrate" to a point where a new unit or subunit is recognized. (For example, by actions, interactions, and transactions of certain kinds that we come to label acts of incorporation, new corporations are formed.) Previously existing units or subunits change their internal structure so that we recognize new units or subunits generated by fission or a hiving-off process. (By the normal developmental cycle of domestic groups, new households are created; by colonization, new nation-states 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 dependent enough on some system of wider scale that a new system at a higher level of integration has been generated.

It is important to appreciate that a new system at a higher level of integration is, according to the theoretical approach adopted here, really new and qualitatively different. In this paper, our attention is attracted to a cultural-ecological system.
that is above the level of nation-state and above the level of the multinational firm and even the multinational enterprise as Vernon defines it. The system of our concern is different from an international organization and different from a cartel formed by corporations. All these lesser organizations are involved, as subsystems, in a wider system, and some of them are adapting as the control of the wider system comes to be felt. States and firms are to the emerging supranational system what tissues and organs are to a biological organism. It is this emerging higher level that is problematic, and it is elusive because we do not yet have a frame of reference in which to conceptualize it. Grobstein (1973:74) addresses this sort of problem: “Formal analysis [of living systems characterized by hierarchical order] shows that emergence relates to what may be called set-superset transitions. In these, determinate association of components provides new collective sets with relationally transformed information not resident in individual components. The new information frequently can be read only in a context or frame provided by another, often also newly formed, level of order.”

Most attempts to understand the increasing internationalization of economic activity suffer the defect that they have not sufficiently taken into account that a genuinely new level of integration is being achieved. I find this failing not only in economics, political science, and management, but even, surprisingly, in anthropological studies that show an awareness of something developing above the nation-state. For example, both Adams (1975) and Belshaw (1976) seem to presume, contrary to my view, that state-type institutions still provide the most likely model for understanding future human organization of wider scale.

We are faced with hierarchically ordered subsystems and systems, not necessarily with a succession of mutually exclusive systems that can be differentiated by reference to accumulation of traits. Sometimes the previously existing units are changed completely out of existence (perhaps that happened to chieftoms and to some segmentary acephalous societies) as the system at the higher level develops. Sometimes, however, as Steward points out, they continue in modified form as interdependent parts of new configurations (as households have adapted to a variety of relevant larger systems and as local communities have taken different forms in different kinds of societies).

In this sociocultural evolutionary perspective, organization, the set of relationships among units, is seen as intrinsically dynamic and not merely as an indicator of technological development, productive potential, energy transformation, or population size. The creation of a new system is a matter of complex changes in the forms and relationships of many subsystems and is only indirectly connected with technoenvironmental phenomena.

This sociocultural evolutionary conception provides us with a time perspective that may be more appropriate to the problem of the development of a supranational system than the time perspective associated with other theoretical approaches to the problem. First, there is the macroscale, which helps us see whether or not we are going toward something which, at least as citizens, we must recognize as an object of concern. Second, there are phases of a process that has continued for not hundreds or thousands, but hundreds of thousands of years. We need the humility that macroscale provides to acquire some objectivity. What we see as vital new creations of the 1950s are, in one sense, only overgrown versions of the business corporations invented centuries ago, and the states whose futures we are wondering about now are only modifications of those invented a few thousand years ago. Second, while political philosophers and economists frequently work in an abstract, timeless world wherein current conditions appear to be expressions of eternal verities—the State, the Market—the anthropological perspective is empirically grounded, always ready to admit variation, seeing nothing as eternal. We know that sociocultural evolution has been proceeding at an increasingly rapid rate. We need the sense of urgency that exponential scale suggests to us, for it motivates us to seek solutions.

If the sociocultural evolutionary model entails a dialectic between time on a macroscale and time on a log scale because of its empirical basis in historic fact, it also entails, for the same reason, an appreciation of the significance of variation in rates of change. In evolution, it would appear that changes in relationships cumulate at an increasing rate up to a critical point at which the new system exerts some control—evidenced in a decrease in rate of change in those relationships—for a time. Right now, many changes in relations among units relevant to the international scene are occurring almost simultaneously. I do not say that our theoretical model deals adequately with time, but only that it recognizes the complexity of time as a property at different levels of an evolving hierarchical system. Significant steps toward understanding some of this complexity are found in Pattee (1973) and Hamblin, Jacobsen, and Miller (1975).

EMERGENCE OF A NOVEL ORGANIZATION OF PRODUCTION

Among the cumulating changes contributing to the generation of a qualitatively distinctive sociocultural system at a higher level of integration are changes in the organization of production. These include modifications relative to factors of production, transactions, and corporateness.

Changes in the technical aspects of production require reinterpretation of the technical factors of production. Obviously, land, labor, and capital are simply inadequate categories for dealing with modern production problems. At the least, we must now make finer differentiations so as to take account of technical information, managerial information, system information, and organizational setting, each of which is a measurable quantity of something bearing directly on production (Behrman 1972; Robinson 1972). Also, the complexity of modern productive systems and sociocultural systems makes even more critical an appreciation of the distinction between the technical factors of production and the “transactional factors,” a term used by Dowling (1974) in reference to “the people who own and sell” those technical factors. The social relationships whose changes I see as involved in evolutionary systemic change affect and are expressed in transactional factors. Obviously, the mix of the technical factors has been changing markedly toward capital-intensive production. The effective concomitant of this shift is in the social control of the factors.

The mechanisms of control of factors of production are complicated, clearly requiring more refined categorization than shareholders and managers of corporations, citizens and officials of states, common and skilled workers, technicians and bureaucrats. In fact, mechanisms of control have become so complicated that proper analysis must take into account the truth that land, people as such, as human organisms, are not the only social units which make decisions as to allocation and disposition. On the one hand, corporations (which used to be mere fictions) have taken on the status of real social units and must be counted among the actors at various levels of the total system (Galtung 1968). On the other hand, the complexity of relations in production is such that control is never absolute, in consequence of which analysis must take into account the networks of shared and conflicting interests. This last means that the concepts of “ownership” and “property” can no longer be used without qualification and that the ownership or control of a resource may realistically be said to be held by an imperfectly bounded network set, not by a person or a corporate group of persons.

All of these phenomena can be illustrated by reference to the organization of production in the natural-resource industries—
mining (e.g., Wolfe 1963) or oil (e.g., Mikesell et al. 1971, Penrose 1968)—but they can be observed in all walks of life. In fact, they are not in themselves utterly new, but technical and theoretical developments both in the industries involved and in our academic disciplines have made it not only desirable, but also possible, to take them into account. For example, multivariate analysis makes it possible for our models to be closer to reality; graph theory makes it possible to deal more adequately with the myriad data involved in a network. Computers and system-simulation models make it possible for corporations to systematize their production on a world scale jointly and rationally; by the same token, social analysts are now able to examine the new systems thus generated.

The kinds of relations that exist among the technical factors of production are customarily viewed as determined by input-output analysis in the context of a free market. Thus, the "owners" use their control to maximize their gain in return for giving up some quantity of a resource. According to this model, transactions are all in one mode, governed by the market principle or by a rationality rule according to which giving is contingent only upon anticipated return. Descriptive assumptions that are obviously and glaringly not satisfied in the real world, this kind of analysis has served fairly well in helping to account for the events of industrialization in the past.

The modern system of production involves many transactions and decisions that are not in this mode, either because the actors are not the kind of units for which the market model was constructed, or because the conditions are not right for the price mechanism to operate as predicted, or because different actors have quite different definitions of resources or terms, or because all things of value are not in the same transactional sphere. In brief, not one but several modes of transaction and spheres of transaction are relevant to the modern system of production, and our anthropological conception of distinctive sociocultural systems at hierarchically ordered levels of integration permits such complexities to be taken into account.

Since Bohannan and Dalton (1962) brought Karl Polanyi's writings forcefully to the attention of anthropologists, his original notions of three forms of economic integration (reciprocal, redistributive, and market systems) have undergone considerable refinement. Anthropologists now tend to see most economic systems as multicentric (consisting of more than one sphere) and the several transactional spheres as often characterized by the dominance of different transactional modes (Barth 1966, Firth 1967). Meeker (1971) has differentiated six alternative decision rules governing transactions (comparable to my modes): rationality, altruism, group-gain, competition, status consistency, and reciprocity. Although one may not want to go so far as six, any model of a transactional system that would approximate reality must recognize minimally two modes or decision rules: maximization, according to which giving is contingent upon anticipated return, and another, for which some use the term "reciprocity" but for which I prefer the term "antiminimization," according to which giving is contingent upon assessment of another's needs or wants (if for no other reason than to keep the other party in the game or system). These two modes are not mutually exclusive, yet in many situations, and in some entire spheres, one or the other will predominate.

The first principle, maximization, needs no illustration; we are all familiar with arm's-length market transactions in which each party seeks maximum gain. Corporations and persons as well are usually, perhaps always in some degree, trying to get as much as they can while giving as little. The second principle, however, may need clarification by way of a few examples. A parent corporation may lend capital to a subsidiary corporation at a rate of interest designed to suit the needs of the subsidiary at a given moment. One subsidiary may transfer a resource to a sibling subsidiary at something less than the market would yield to help the second meet outstanding obligations. Governments are frequently directly involved. In the 1950s, the Diamond Company of Angola, a subsidiary of De Beers Consolidated Mines, lent millions of dollars to the Portuguese Angolan government, at 1% interest, while the market cost of funds would have been higher. Also in the 1950s, the American government's Export-Import Bank lent money to South African mining companies subsidiary to the Anglo American Corporation of South Africa at 4% interest at the same time as Anglo American was lending money to its own subsidiaries at 6%. While these facts would be difficult to account for in terms of the principle of maximization, they are not at all puzzling when other principles are recognized. States are important actors in international systems and in the supranational system as well, and governments representing states seldom act on the principle of maximization of gain. Instead, there are all manner of influences impinging on governments, and the needs and wants of other units both internal and external to the nation are taken into account. The fact that major American political figures and presumed "philanthropists" were closely involved in the South African mining industry did more to secure government loans at 4% interest than did market considerations. The Export-Import Bank certenly was not maximizing its return, nor is such a principle constitutionally expected to apply to that bank as actor. Nor is its own receiving (from the U.S. Treasury upon action by Congress) contingent on what is expected to yield.

To a considerable extent, what is true of governments in respect to the principles or decision rules governing transactions is true also of business corporations, especially those involved in multinational systems (Vernon 1970, 1974; Tugendhat 1971). In the first place, they do not really go to the market for new capital from shareholders. Increases in capital come from reinvested earnings (not distributed to those shareholders who, according to the myth, are the presumed "owners" of the companies) or from loans and financial manipulations among system siblings, parents, and subsidiaries or similar arrangements with major financial institutions or governments. In the second place, the "managers," those who make the decisions about allocation of resources, are driven not, it would seem, toward maximizing returns, but rather toward optimizing the situation in respect to a variety of short-term and long-term goals. Risk is clearly to be avoided: new endeavors must be undertaken by either a corporate or a governmental "big brother," the joint venture among presumably competing multinational groups is a common device for reducing risk and, in consequence, potential gain; corporations apply a minimax strategy in following one another into the same new areas, thereby effectively assuring less than maximal gain for either.

I will not here develop the idea of transactional spheres. I will say only that it seems likely that we would find characteristic modes of transaction associated with various relatively distinct segments of the total supranational system. Surely, in the world minerals industry there are characteristic ways in which the various elements (persons, families, parent corporation, subsidiary corporation, states, producing nations, consuming nations) deal with one another that would permit the identification of separate transactional spheres. Again, with less variation, surely the developed countries transact with one another in one mode while they transact with developing countries in a different mode. Some economists have identified a somewhat distinct sphere of the American national economy which they call the "grants economy," complementary to the ordinary commercial economy (Boulding 1973, Boulding and Pfaff 1972, Boulding, Pfaff, and Pfaff 1973). Boulding and his associates have used the notion of a grants economy to interpret problems of the internal American economy: urban poverty, underdevelopment, surplus education policy, and urban ecology.

Others have used the dual-economy model developed for analyzing colonial situations (Boeke 1947, Furnivall 1939) to identify two distinctive "economies" in America, one comprised of core...
firms and one of peripheral firms (Averitt 1968), and to identify two distinct spheres in the American labor market (Piore 1971). There is no doubt in my mind that spheres at least as distinctive can be identified with reference to the supranational system, and the anthropological contribution to their understanding might be significant.

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 internationally, 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 products, 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 corporation 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 the higher-order system exerts significant control over the elements organized at lower levels of integration.

EMERGENCE OF NOVEL MECHANISMS OF CONTROL

Since the most fundamental property of any system is the interdependence of its components, description and understanding of the supranational system require us to identify the ways in which variation in any one part falls under some degree of control by the system. The discussion of corporateness above has touched on some aspects of this issue; here we approach it from another perspective.

A complex, hierarchically ordered system may have parts that are highly differentiated in terms of control. Specifically, between two given levels (a,b) of subunits control may be strongly vertical, while between two higher levels (b,c) control may be less hierarchical, more horizontal, such that the highest level is to be represented not by any central, apical point but by a fairly dense set of mutual ties. In graph-theoretic terms, the first set of relationships is a tree, the second a circuit.
as a shepherd controls a flock of sheep, but more as a flock controls its own.

Vernon (1974:277) points out that the leading corporations, sharing a capacity for mutual destruction, a concern over new entrants, and a need to find some form of cooperative behavior, seek "to join one another in joint ventures, follow one another into new locations, and establish bridgeheads on one another's main markets." He finds all these risk-reducing behaviors to be on the increase, evidence for us of increasing systematization. They not only reduce risk for the corporate actors individually, but also help resolve conflict for the system. Joint ventures aid on the increase, evidence for us of increasing systematization. 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; Hymer 1972a; 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 the institutional modifications that are a part of this generative social process.

CONCLUSION

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; Hymer 1972a; 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 the institutional modifications that are a part of this generative social process.

Comments

by CYRIL S. BELSHAW

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In order to reduce the entry of personal partiality into my role as Editor, it is my practice not to write CA commentaries or to referee articles submitted to other journals, save in exceptional circumstances. In this instance the topic is so close to my interests that I cannot forbear commentary, and I trust that Associates will let me know if they feel that such contributions are improper.

Wolfe's article is representative of a wider trend that is of major significance for the study of society, namely, the application of perspectives and theory to the contemporary world scene instead of limiting the application to conventional fields. His choice of evolutionary perspectives is of course but one possible example, and I hope that other writers will be joining the small band which is extending the scope of, for example, social exchange theory, cognitive anthropology, structuralism, and environmental anthropology. The anthropology of the multinational corporation has many facets waiting to be opened up. So too do the anthropology of international monetary decision making, the anthropology of the location of industry, the ethnology of international cultural communication, and the study of communication velocity, to name but a few topics arbitrarily.

Unfortunately, I have to point out that Wolfe has misread me when he represents me as seeming "to presume, contrary to my [Wolfe's] view, that state-type institutions still provide the most likely model for understanding human organization of wider scale." It may be lack of clarity in my writing (Belshaw 1976). My arguments about the world social system, it is true, were organized around the presumption of national "boundaries," but I then went on to show that the concept of the national boundary is distorting our analysis of the social reality, in both an objective and a normative context. Cultural, economic, political relations are not realistically contained within such boundaries, and I catalogued phenomena, including ethnicity, cultural-social relations, and political movements, which transcended such boundaries. Then I criticized international organizations for building upon the myth of nationalism, endeavoured to show that the "nation-state" is not and never has been based upon ethnic nationalism, and made a case for considering that many social science interpretations were falsely biased by nationalistic assumptions, the national basis of data collection, and the national preoccupations of research funding. State-type institutions are not the best for understanding; they inherently misunderstand.

I have one quarrel with Wolfe's substantive presentation. That multinational or supranational corporations are changing there can be no doubt. At the present time there are very few truly supranational corporations; most are national corporations, controlled within particular nation-states, but operating worldwide, directly or through subsidiaries still tightly controlled by head office. Hence a considerable variety in such organizations must be allowed for, and an evolutionary perspective must be able to handle changes, if any, in the international distribution of management power. Furthermore, an evolutionary perspective must, I feel, be more sensitive to long-term historical data. The commercial organization operating over large geopolitical areas is not new. It was present in mediaeval times, so much so that it became a natural assumption upon which many of the early forms of colonial settlement were founded. It was rampant in the 19th century. Modern statistics must be handled carefully if they are not to distort the interpretation of long-term trends. The volume of cross-boundary trade in the Roman Empire, as a proportion of "gross national product," must have been quite high, and similar conditions may have applied historically within Asian empires. Eventually, an evolutionary argument must be involved with data which go beyond the recent past.

by JAMES DOW

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I see two issues raised by this article: what sorts of high-level control systems are evolving in culture and whether or not anthropological theory can contribute something to the understanding of these enterprises.

At first glance, the multinational enterprise seems to fit the idea of an emergent high-level control system, because it integrates production over a wide geographical area. However, it does not have many characteristics that one associates with whole cultures. Since it sends very few military and practically no ideological control signals to cultures, one tends to question its transcendence as a total cultural system. Deciding whether or not it is part of an emerging new level of cultural evolution therefore depends on determining how it functions in the total system of cultural control related to adaptation.

The multinational enterprise has two characteristics that lead one to suspect that it does have a high-level control function: it limits the flow of information from higher to lower levels of the cultural control system, and it senses and exploits critical resources in the environment.

High-level control subsystems in living systems often limit the information flows from a higher-level sensing process to
lower-level processes maintaining the total system. This has the function of freeing the higher-level controls to operate in an adaptive sensing mode while the lower-level systems back up the total system by holding behavior homeostatically to a low number of parameters set by the higher system. The higher system is thus relieved of the burden of processing the maintenance information of the lower systems. Multinational corporations deal with the highest-level management decisions in the world industrial economy, while the subsidiaries, firms, factories, and production groups operate around financial parameters set by them. In this control system, the information processed by the multinational corporations is kept from flowing in a meaningful way to the lower levels and to the populations at large. Also, the fact that the multinationals are involved in seeking out and developing critical raw material resources puts them at the forefront of sensing the energy supplies of industrial culture and therefore at the heart of the subsistence system.

Yet, in spite of the evidence that the multinational enterprise is a high-level control system, I do not regard it as an emergent new level of cultural evolution because it results from, and depends on, an earlier level, the market economy. Thus we see not the evolution of a new level but rather the development of a new stage within an older level. If the market economy collapses, then the multinational corporations will collapse with it, because they are totally dependent on it for their effect on human behavior. They do not form a complete cultural system in themselves.

Bringing multinational corporations into the purview of anthropology is a somewhat radical step. What does this gain for scientific understanding? One answer, clearly shown by Wolfe, is that an ethnographic approach to the culture of the people who make the decisions for the multinational corporations can tell us a great deal about how the subsystem is operating. Classical economic paradigms of maximization and economic rationality are not sufficient. Here, anthropology can make more objective use of the management science techniques for understanding the interaction of computer-operated algorithms and human decision making at the corporate level (Forrester 1961).

Anthropology can also show that industrial culture, at this stage and at earlier ones, is just one of many possibilities for organizing human ecology. It can alert people to the mindless institutional systems that they set up to get what they need at prices in human misery that they may not want to pay (Barnet and Müller 1974:334, 365). Anthropology, as probably the only "multinational" social science, may be well suited to putting the multinational enterprise in a human perspective, a perspective that it seems to have lost completely. In particular, it, because they are totally dependent on it for their effect on human behavior, they do not form a complete cultural system in themselves.

Wolfe's work seems to me too suggestive for me to waste time on the discrepancies that I notice or on perhaps all too obvious criticisms. Furthermore, it has the great value of calling attention to a virgin field for anthropology, one that is increasingly necessary to attend to. Consequently, I shall confine my observations to two points that may enrich the discussion.

In the first place, the discrepancy between Wolfe and Adams and Belshaw with respect to whether the nation-state provides the best theoretical model for understanding future human organizations requires a clear definition of the term "future." I believe that no one would propose the nation-state as the principal articulator of social forces for all eternity, but I see no inconvenience in recognizing that for a long time this organiza-
In the second place, Wolfe is right in pointing out that systems and units, as Steward says, may articulate as interdependent parts of new configurations, but in such a case one must demonstrate how certain characteristics persist in new structures and what their rationale is. This is important in that Wolfe shows clearly a systematic connection between transnational mining or oil enterprise and diffuse organization of superposed, not centralized, groups. One might ask, then, what would be the correspondence between the evolving form represented by the transnational enterprise and centralized bureaucratic organization such as one observes in enterprises like Ford or Nestlé, not associated with oil or mines.

Lenin and Weber agree that bureaucratic centralization of enterprises is the highest form of capitalist rationality. How, then, are we to explain the fact that the transnational enterprise—the most advanced in capitalist organization—is articulated on the plane of an intricate social system based more on overlapping membership of a variety of groups than on a bureaucratic centralization of administrative power? The "diffuse" organization of the mining and/or oil transnationals may be founded upon (determined by) the profit mechanisms derived from the rental of land. In that case, the national governments associated with the transnationals (Exxon, Gécamines/Arab nations, Zaire) come to play the role of landowners allied with a new type of transnational bourgeoisie.

My hypothesis, therefore, is that where the transnational organization operates in terms of the generation of profits derived from the existence of differential rent, the forms of association between the actors (bourgeoisie, landowner) favor a diffuse scheme of administration and alliances, not a bureaucratically centralized one. The fact that this is an old form of social organization and class alliance found within nation-states between the corresponding "national" classes (in England since the Industrial Revolution, in Germany and Japan in the 19th century, and elsewhere, ignoring here which class restores hegemony) does not affect the innovative originality of these new types of organization of production or at all diminish their importance in generating the sociocultural forms that are every day aggressively asserting themselves.

by Peter Geschiere
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The subject of Wolfe's article is certainly a very important one, not least for us anthropologists. There is an urgent need for a clearer understanding of the functioning of capitalist organizations above the national level. The well-known theories, for instance, about the parasitic role of the national bourgeoisie in developing countries, often seem to rest on a somewhat vague basis because of the lack of definite facts about the relations between these national bourgeoisies and world capitalism. Consequently, an important aspect of our image of internal stratification in, for instance, African countries remains rather indefinite.

Wolfe's view that anthropological concepts in particular could further the analysis of such supranational connections is, however, less convincing. For example, it seems doubtful whether the anthropological conception of economic systems as consisting of different spheres could be useful in this context. Fundamental to the distinction of such spheres is that values in one sphere can only with great difficulty be transformed into values in the other sphere(s). This is certainly not the case for multinationals. These organizations are of course only possible in a money economy, and they can only thrive on the principle that, for money, everything is for sale.

In this part of his article, Wolfe seems to be concerned not so much with the existence of different economic spheres as with the existence of different motives underlying the transactions of multinationals. However, the distinction between different spheres in tribal economies (e.g., between prestige products and subsistence products) requires only different institutional circuits for transactions, not necessarily a difference in the motives of the actors concerned. It is surprising that Wolfe cites Barth in this context, because Barth in particular stresses (at least in the publications here quoted) the "maximization of profit" (economic, social, or political) as the decisive motive for individual behaviour in any context whatsoever. Moreover, it seems very unlikely that a capitalist concern such as De Beers Consolidated Mines would not be ultimately guided in its transactions by profit making. The examples Wolfe gives only seem to demonstrate that such corporations are based on long-term calculations of profit and that they attempt to minimize risks in the hope of maximizing profit over a longer period.

In general, I am not yet convinced that our insights into the recent development of world capitalism are inhibited primarily by a lack of models for our analysis. There may be a more urgent need for facts (how multinationals in practice support regimes in developing countries, how they cooperate among each other and with governments of industrial states); our problem may be more that vital information is sometimes hard to obtain. As far as I am concerned, the examples of transactions by multinationals in Wolfe's article are especially interesting.

Recent publications suggest another perspective in which an anthropologist could make a more modest but, for me at least, a clearer contribution to the analysis of recent developments in world capitalism: Wallerstein's (1974) accent on the essential role that the international division of labour played in pre-capitalist world systems, and, in the same vein, Meilllaussoux's (1975) demonstration of the continuing significance of the "domestic mode of production" for the reproduction of the labour needed in the capitalist sector of society. According to Meillassoux, the logic of capitalism requires not so much the complete demolition of the "domestic" relations of production as the partial preservation of the "domestic" community so that the costs of the reproduction of labour are borne not only to a limited extent by the capitalist sectors. On the other hand, this perspective seems very promising because it concerns a process which is vital in all capitalist developments (for the multinationals as much as for earlier patterns in world capitalism): the creation of the "free" labour necessary to keep the capitalist machinery turning. On the other hand, this perspective seems to offer anthropologists clear possibilities of using facts and insights accumulated in our discipline. According to Meillassoux, the process of "primitive accumulation" is still going on; this implies that it is still essential for the development of capitalism that productive forces, especially labour, be transferred from precapitalist production sectors to capitalist organizations. Therefore anthropological analyses of precapitalist modes of production and of their transformation under the influence of capitalism can offer important insights into recent phenomena in the development of world capitalism (for instance, the role of migrant labour in many European countries, but also the policies of multinationals; typical anthropological questions could be, in this perspective, to what extent the transfer of industrial equipment to developing countries enables multinationals to profit more thoroughly from the reproduction of cheap labour within the "domestic community" or how long the "domestic community" will still be capable of reproducing labour.)

It is to be hoped that Wolfe will continue his studies: a case study of a multinational along the theoretical lines he sketches could be most rewarding.

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Wolfe: the supranational organization of production

achievement is the very real tension, let alone predicting its future direction.

by Chet S. Lancaster

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Although new crops and techniques may be taken up, the subsistence economy of a low-density society is unlikely to change drastically or develop much supralocal impact unless spurred by external influences, increasing or changing local demand, and/population pressure (Boserup 1965). Especially in stateless low-density societies, the subsistence economy is likely to be a household concern designed to satisfy predictable consumption needs. If occasional household surpluses are produced in low-density shifting horticultural or gathering-hunting groups, they are likely to be unpredictable, inadvertent, small, and interspersed with periods of lesser output (Sahlins 1972). Informal kin and friendship networks will usually be sufficient to absorb excess food production; except in the case of livestock, it is unlikely that exchangeable produce will have to be transported more than a few miles to the intended place of consumption. Unless the local demand network expands significantly, regularly frequented fixed marketplaces and highly evolved methods of exchange are unlikely to exist. The low-density subsistence economy, together with its corresponding "capital economy" producing utilitarian material goods and tools, is likely to remain a domestic endeavor. It will have little of the historical and cross-cultural impact commonly exhibited by long-distance trade networks dealing in prestige goods which connect local palace economies or local politically motivated centers of redistributive exchange.

As opposed to the producing levels of the low-density subsistence economy (concerned with food, a limited inventory of capital items, and material goods designed for household use), the political or prestige sector of the economy, in which individual and group status considerations are principally involved, will usually have fewer geographical constraints and a larger "market area" corresponding more or less with the locally relevant political field (Lancaster 1976). Analogous with modern supranational enterprise, with its global reach, long-distance trade in low-density societies has also involved interethnic (or international) production and integration, as seen for example in the trade for ivory, copper, and slaves in precolonial southeastern Africa (Alpers 1975). What sharply distinguishes more recent situations can be
measured in terms of volume, distances, organizational complexity, trade value added by successive refining, processing, and manufacturing stages, the relative wealth and power of controlling groups in the political economy, the extent to which household consumption and household members, as labor, are enmeshed in systems influenced by the greatly expanded, vertically integrated political economy, and the extent to which market rules permeate the system (Polanyi 1944, 1947). As population, demand, market areas, economic volume, and the power of controlling groups have grown historically, the aboriginal low-density exchange nexus of central places once marked by the location of individual households and later by periodic marketplaces has evolved into a higher-level network linking large industrialized regions of the world.

It seems to me that the evolution of supranational organization has two major implications for anthropologists, especially those interested in economics.

The first has to do with “economic development,” which tends to take place as supranational industrial integration spreads through massive direct and indirect investment, i.e., market penetration, in developing countries. Since it is directed from the top, this expansion can obviously make it difficult for the average individual to benefit from development activity on his own land. The experience of pre-Mao China gives stark evidence of this (Snow 1973). Again, because decisions are made at the top of the industrialized world, there has been a tendency in economic development to export an often inappropriate, sometimes damaging, and seemingly unsustainable energy-dependent, high-impact technology to the remaining parts of the world still at the low-density level, even while the developed nations are experiencing declining returns and diseconomies from the use of such technology (Hardin 1972, Schumacher 1973, Georgescu-Roegen 1975, Brown 1975, Greenland 1975, Chancellor and Gross 1976). Anthropologists must stay alive to these problems, whether we study “up” or “down” or simply try to make ends meet in the private sector of our own economy.

Second, the evolution of supranational organization should focus attention on the concept of political economy. While the level of organization Wolfe describes is new, the earlier level of states and nations also represented powerful political economies able to influence history. In the time of Plato’s Republic and after, the political economy was dominated by the values of a hereditary landed aristocracy of farmers. Neither Aristotle nor Aquinas approved of commerce merely for gain, and commercialism was considered corrupt throughout Roman times. Agricultural production was still the mainstay of the political economy of medieval Europe. By the 16th century, the feudal agrarian state had been replaced in Europe by a merchant state based on the Mercantile Revolution, which saw a great rise in urbanism, production for sale, and use of money and skyrocketing growth in trade and markets, many of them colonial. A century later, Adam Smith spoke for private enterprise in manufacturing and the rising new class of industrialists and in doing so founded the classical school in economics. After the Industrial Revolution the basis of the dominant new political economy of Europe was industrialized production, and so it remains on an increasingly worldwide scale. In earlier times, the political economy of a low-density society might be based on the prestige value of exotic long-distance trade goods and regional produce serving as symbols of tribute. Later, in the era of the classic Greek city-states, the Roman Empire, and medieval Europe, the political economy was based on agrarian produce from increasingly scarce and more intensively exploited land. Still later, it was based on mercantile exports. In each era, economic relationships and ideas adjusted themselves to the changing social, political, demographic, and technological realities of the times, and one of the main forces underlying the generation of successive cultural systems has clearly been the adapting force of political economy (Lancaster 1976). History therefore suggests that it is the political and ideological framework within which any economy must operate that should concern us most. Yet since the 1950s economic anthropology has been most noted for its programmatic debate between substantivists, who seem to say there are no economies worth substantive study in low-density societies, and formalists, who seem to say that all economies should be seen from the perspective of our own possibly peculiar moment in time.

by BERNARD MAGUBANE

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To discuss all the issues raised in this paper would require more than the 700 words allowed a commentary. Is it true that Wolfe was “almost alone” in the 1960s in recognizing and studying the development of supranational sociocultural systems? Is it true that multinationals are a phenomenon of the last 20 years? What does the independence of former colonies have to do with the proliferation of multinationals? Given the rise of multinationals, what is the future of the nation-state?

Wolfe’s claim that in the 1960s he was one of very few to recognize and study multinational corporations simply does not hold. Marxists since the last quarter of the 19th century have recognized that monopoly capitalism leads to extranational concerns. Marx was aware of the formation of cartels (see Lewis 1975), and Bukharin, in The World Economy, focussed on the phenomenon of supranational organizations. In a 1916 essay, Lenin made the following observations (1972:490):

Economically, imperialism is monopoly capitalism. To acquire full monopoly, all competition must be eliminated, and not only on the home market (of the given state), but on foreign markets, in the whole world. Is it economically possible, “in the era of finance capitalism,” to eliminate competition even in a foreign state? Certainly it is. It is done through a rival’s financial dependence and acquisition of his sources of raw materials and eventually of all his enterprises.

The American trusts are the supreme expression of the economics of imperialism or monopoly capitalism. They do not confine themselves to economic means of eliminating rivals, but constantly resort to political, even criminal, methods. It would be the greatest mistake, however, to believe that the trusts cannot establish their monopoly by purely economic methods. Reality provides ample proof that this is “achievable”: the trusts undermine their rivals’ credit through the banks (the owners of the trusts become the owners of the banks: buying up shares); their supply of materials (the owners of the trusts become the owners of the railways: buying up shares); for a certain time the trusts sell below cost, spending millions on this in order to ruin a competitor and then buy up his enterprises, his sources of raw materials (mines, land, etc.) . . .

Big finance capital of one country can always buy up competitors in another, politically independent country and constantly does so. Economically, this is fully achievable. Economic “annexation” is fully “achievable” without political annexation and is widely practised.

In 1936 an Indian Marxist, Dutt, wrote in his book, World Politics (pp. 26–27):

The gigantic concerns of modern rationalized industry require ever expanding world areas for their effective functioning. But here they strike against the existing state boundaries, which are in fact only the reflection of rival monopolist groupings. . . . For the growing concentration and enlargement of scale of capitalist organisation is not only a concentration of capital and of companies, but at the same time, through the consequent concentration and large-scale organisation of production and the consequent enlarged possibility for the utilisation of accelerated scientific and technical development, drives forward to unlimited expansion of production, which in turn constantly breaks against the barriers of existing social and political forms.

Sweezy, an American Marxist, returns to the concentration and centralization of capital, which, having reached the monopoly stage, had produced what Hopkins (1977:69) calls the scalar expansion of organization. Sweezy, quoted by Hopkins (1972), writes: “The typical production unit in modern developed capitalism is a giant corporation, which is both conglomerate (oper-
transcend its history. It was born and grew up producing and selling a certain product in a certain region. It must learn to overcome both these historical limitations. It must, in other words, strive to acquire new markets in both the product and geographical senses. The one necessarily leads to conglomeration; the other more or less directly to various forms of multinationalism.

Moreover, "organization" breeds further "organization." Sweezy, explicitly agreeing with Galbraith here, writes:

The modern giant corporation has a profound need to dominate and control all the conditions and variables which affect its viability. And this explains . . . why, for example, the giant corporation, as soon as it feels strong enough to do so, typically moves from export to production abroad; and why it strives with might and main to control, directly or in concert with another giant corporation, governments wherever it operates.

These treatments of multinationals are far superior to Wolfe's, conceptually and theoretically. To single out a sentence from the work of Magdoff and to suggest from it that Marxists have not treated the subject of multinationals is a mockery. It is a conclusion based on the fact that Wolfe's references are limited to whatever is available in bourgeois journals. This is unfortunate—but it shows the tragedy of specialization characteristic of disciplinary loyalty.

To study multinational corporations, Wolfe suggests, the theoretical approach that promises an adequate frame of reference is sociocultural evolution as proposed by Steward. This is because these corporations are "only overgrown versions of the business corporations invented centuries ago, and the states whose futures we are wondering about now are only modifications of those invented a few thousand years ago." Simply put, nothing ever changes; it simply grows bigger or worse. Wolfe writes: "In evolution, it would appear that changes in relationships cumulate at an increasing rate up to a critical point at which the new system exerts some control."

The treatment of multinationals by Wolfe shows that he has no logic of history—only the logic of his artificial model, which he wants to impose on reality in order to justify the activities of the multinational corporations. For instance, he suggests that the structure of multinationals is like the tribal structure of the Aranda of Australia or the Tallensi of Ghana. Because supranational are above the level of nation-state, Wolfe treats them as "a new system at a supranational level of integration." That is, societies can be ordered according to the highest level or organizational system each has evidenced; thus band societies, tribal societies, chiefdoms, and nation-states have all at one time existed as independent entities which were later incorporated into larger, more rational organizations. The implication of these earlier developments is clear—since the nation-state, as currently organized, is a hindrance to the multinational corporation, then the multinational, with its superior organization, could justifiably incorporate the nation-state in a new system at a higher level of integration. Dismissing those who inquire into the power of multinationals vis-à-vis nation-states as asking the wrong question, Wolfe concludes: "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 the institutional modifications that are a part of this generative social process."

Thus Wolfe sees multinationals as the result of a natural process of evolution in which human society is moving by its own logic to a higher plane. He is not really interested in studying and explaining the new imperialism of the multinational corporations. He is simply interested in describing what he calls the supranational system. This concern, of course, is at the heart of conservative work in the social sciences, which is not so much theory as an effort to give a photographic picture of reality. Having oversimplified and misapplied Steward's theory of sociocultural evolution, Wolfe has produced a theory that apologizes for and legitimizes the multinational as fulfilling the laws of nature. He is unable and/or unwilling to see that capitalism and the multinationals it has spawned are nothing but the extension of the imperialist phase of capitalist development. The interests of the emergent nation-states and multinational corporations are incompatible. This accounts for the intense struggle now growing more and more acute between the national state and the international monopolies over all key issues of economic policy. The internationalization and socialization of production and the private appropriation of the surplus creates a supreme contradiction of the capitalist mode of production. Only revolutionary action and the creation of socialism can overcome the present dilemma. Therefore, criticism of multinational corporations must puncture the myth of the inevitability of their domination, not by denying their organizational and technical superiority, but by relating them critically and in a revolutionary fashion to the growth of monopoly capitalism, thus pointing to a need to transcend the exploitative world structure they have created.
I would have found a rigorous case study well worth the space it might have occupied. I feel the same about Wolfe’s discussion of time. To speak about the “dialectic between time on a macroscale and time on a log scale” or “the complexity of time as a property at different levels of an evolving hierarchical system” without plotting these out or providing further explanation is to tantalize but not really to clarify. Again, and especially in this difficult area, one wishes for more explanation.

Finally, Wolfe has addressed himself to a significant area which anthropologists should be looking at with more diligence than they have, and he has done so by building upon existing anthropological approaches. It is through such activity that our understanding and our discipline can expect to advance. Though flawed, Wolfe’s work is an important step in one of the right directions.

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Wolfe is a pioneer in the analysis of multinational corporations. His 1963 article on the African mineral industry is a reminder that not all anthropologists in the ’60s were blind to the presence of international corporations when in the field. Although the problem he chose to analyze was unorthodox in anthropology, his perspective has been and remains anthropological. He sets the multinational corporations in a time spanning thousands of years and examines their impact holistically, using Julian Steward’s framework for looking at national integration as his basic approach.

His enthusiasm for anthropological models leads him to the analogy for multinational corporations of segmentary clans as in the tribal structure of the Aranda of Australia or of the Tallensi of Ghana. This analogy rests on the feature of complementary ties and cleavages between different kinds of chiefs. The anthropological ploy is, I think, misleading. The emergent international system lacks the central feature of segmentary clan structures—a moral/ideological system binding the segments together and enabling new, autonomous units to develop without cultivating a sense of competition. The expansive process of the multinational corporations is not that of the hiving off of autonomous and distinct subsets replicating the parent organization, as the kinship analogy suggests, but a continual process of concentration and control. The illusion of autonomy is sometimes created in response to the nationalistic demands of the host country, while the real control remains through the budgetary audit in the central office. Finally, the analogy fails to help us understand the multinational-corporation phenomenon. The segmentary lineage is inherently limited in its growth, and the process of hiving off is a manifestation of these limits. The multinational corporation, on the other hand, has an imperative to grow. This is a result both of the capital-intensive nature of production, which makes labor-intensive activities noncompetitive, and of the stress on innovation rather than price competition. Only the big firms can sustain the research staff required for innovative processes to be built into company planning.

In his use of Steward’s thesis of levels of integration, Wolfe fails to see the contradiction between this model and that of the segmentary lineage. The crucial factor in Steward’s schema is that preceding organizational units “become modified as specialized, dependent parts of a new kind of total configuration” (Steward 1973:51). Steward shows, in his illustration of the Navaho during the New Deal, that “dependence upon livestock as cash produce for a national market puts them into competition with one another, and threatens to destroy the native culture” (p. 57). This growth process, in sharp contrast with the benign growth of segmentary lineages, leads to the destruction of alternative modes of adaptation. Its stress on size and high capital inputs puts the multinational corporations somewhat in the position of the dinosaurs, whose sheer size, a selective advantage in the face of potential competition in the period of expansion, became the basis of their own extinction when food supplies diminished. Agreements and collusive contracts with competitors often make it impossible to respond adaptively to change. Thus new growth and flexibility are lost as given tendencies become crystallized and irreversible. The utopian scene envisioned by Vernon and accepted by Wolfe, in which joint ventures and corporations “move toward a common set of cost structures” and “observe one another’s competitive behavior at closer range,” resulting in the sharing of strengths and the encouragement of cooperation, ignores the inherent contradictions within the international system.

These contradictions can be summarized as follows:

1. A new protectionism is encouraged by international management as the firms gain a foothold behind the tariff barriers that once excluded them. The trend from 1945 to 1970 was toward freer trade, but by the latter 1960s, many corporations had begun to push for protectionism (Stephenson 1972:90-91).

2. Nationalism is stimulated by the very presence of the multinational corporation, making demands on the firm which limit the type of activity, regulate the share of ownership, stipulate the percentage of foreign personnel, and limit local capital input (Stauffer 1973:26). Labor has turned to the nation-state, paradoxically the very seat of bourgeois power in the rise of capitalism, to defend its shrinking control over jobs. The power of strike is lost as the multinational corporations range freely over the globe in search of the cheapest, most submissive labor force.

3. The multinational corporations use the U.S. government as a broker in major negotiations. Salera (1969:274) cites the case of a large bauxite company which was asked by a South American firm to pay going electric rates instead of the preferred rates they had enjoyed. The U.S. government stepped in to get the host country to reduce customs duties on products imported by the subsidiary of the company, in turn getting the company to pay an 8% increase in rates. They sealed the deal with an agreement to accelerate delivery of Public Law 480 wheat to the host country. The national base of operation of the big companies is undeniably important. The presence of the U.S. army and other guarantees of a favorable investment climate have given the United States priority in the spread of branches of U.S.-based firms.

4. The factor allocation on market principles is no longer universalizing. A major consideration in the decision to locate firms is the political climate of the host country. Even mildly reformist, populist governments are considered suspect. Gabriel (1972:97) states that “there is, in fact, a fundamental contradiction in the notion—explicitly pressed by many policy-makers in the advanced nations—that less-developed countries should move toward representative government and social reforms while maintaining investment climates hospitable to foreign investors.” The illusion that direct foreign investments liberalize and democratize the host governments is not cultivated in business circles, where a more hardheaded view such as that of Gabriel prevails.

Wolfe passes judgment on Marxist analysis of multinational corporations, stating that it has not moved beyond the Leninist doctrine of imperialism as the highest stage of capitalism. Pallour (1973) is among the Marxists who have analyzed the internationalization of capital as a social relationship. One important point he makes is that, as the division of labor moves to an international level, the division between mental and manual labor becomes nationalized. In other words, the mental activities are performed in the advanced capitalist centers, while the labor-intensive operations are pushed into less-developed areas. He points to the deepening of inequality among nations as the international corporate structure develops.

Wolfe’s article is subtitled “An Evolutionary Perspective.”
If one were to follow through on this, I think the stress might be on the di-integrative tendencies already apparent in a world order based on multinational corporations. The lack of a moral, ideological base already threatens the survival of the giant firms in the face of popular unrest. With many developers and international planners attracted to the thesis that “small is beautiful” (Schumacher 1973), it would be a mistake for anthropologists to assume that the corporate dinosaurs are the model of the future world order.

by WILLIAM H. NEWELL

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It is not clear to me exactly what the author of this paper is trying to show. If it is that multinational corporations are totally dissimilar from forms of social unit such as the state, then I think that he has failed. Whether a multinational corporation becomes international depends largely on whether the state which forms its base can provide the various raw materials, technical know-how, specialised-skilled personnel, etc., to fulfill its aims within the state’s territorial boundaries. As far as Australia is concerned, the various Japanese companies that share responsibility with some Australian firms for the provision of capital for the exploitation of minerals would certainly prefer not to invest if they could obtain guaranteed raw materials to keep their home factories operating in some other way. The Japanese company which was forced to take over the control of the woodchip plant in Eden, New South Wales, when the original all-Australian company went bankrupt did so unwillingly. It was almost forced to interfere in Australian affairs to maintain its raw-material supply. The packaging material made for the Japanese out of Australian woodchips is a small but essential part of the manufacture of electronic equipment. The emphasis is on guaranteed supplies, not on profits, in the case of most Japanese companies in Australia.

On the other hand, the attempt by an Australian company to finance and establish a racecourse and betting system in Indonesia was without doubt an attempt to make large profits. The control of the large alumina plant at Gladstone, Queensland, rests ultimately with the small group of American engineers who have an exclusive contract to maintain and repair its chemical equipment. From the company’s point of view, who cares whether the manager of the Gladstone plant is an Australian or not, as long as he undertakes to maintain the present sales and maintenance contracts?

To try to explain the supranational organisation of production in terms of parallels with the Aranda or Tallensi, or by means of some mysterious process such as that by which “a flock of sheep controls its own,” or by some apparently unilineal evolutionary scheme is too imaginative. The various aims of multinational corporations are not too difficult to understand once one has the field data on which to base a judgment. The difficulty lies in obtaining those data. I would also hesitate to exclude from study the equivalent of the multinational corporation in socialist countries, just as I would hesitate to explain the behaviour of multinational corporations in capitalist countries by general evolutionary theories. We are at present just at the stage of acquiring our field data. A short pseudo-theoretical paper such as this has so many as yet unsupported ideas that it confuses more than it helps. Perhaps in the future, with more detailed analyses of specific decisions, we may be able to formulate more general theories; but we have not yet reached that stage.

by JAY O’BRIEN

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It is encouraging to see anthropologists attempting to come to grips with the important problem of the multinationals. It is unfortunate, however, that Wolfe’s paper obscures rather than clarifies what the problem is. Nowhere does he mention the involvement of the multinationals in exploiting the Third World or metropolitan workers. Recent scandals arising from political intervention by multinationals—e.g., ITT in Chile, Gulf Oil in Angola, arms and aircraft companies elsewhere—go unremarked. Authors who link such phenomena to the basic nature of multinationals are ignored, with the exception of Magdoff, who is dismissed out of hand with the comment that he sees multinationals as imperialist outgrowths of nationally based monopoly capitalism. These defects in Wolfe’s paper represent not only monumental empirical oversights, but a theoretical confusion which leads him to focus on organizational forms of management/investment units to the exclusion, despite his title, of any analysis of the production process itself.

Poulantzas (1975) clearly shows that the worldwide economic developments Wolfe refers to spring from a twofold process involving the internationalization of the socialization of the labor process and the internationalization of capital. This process is characterized by the establishment of complex production units under a single economic control and integrating several labor processes situated in various plants in a number of countries. The resulting socialization of labor on a global scale is not due chiefly to technological factors but is a function of major changes in the worldwide social division of labor, particularly the intensification of the exploitation of metropolitan labor to counteract downward pressures on profit rates. Poulantzas explains this as follows (1975:63):

This increase in the rate of exploitation is the resultant both of the level of wages and the productivity of labour—which includes the degree of technological development, the particular skills involved in the current development of the productive forces, etc. The wage level and the productivity of labour are, in the long run, closely related. In other words, the rate of exploitation and of surplus-value is not measurable simply in terms of the wage level. It also involves the intensive exploitation of labour: i.e., new technical processes, the diversification of products, the intensification of labour and its rhythm. A higher wage, in money or even real terms, may correspond, according to the development of the productive forces, to a smaller proportion of the value produced, and thus to a more intense exploitation, than a lower wage in the context of a lower productivity of labour.

The multinational corporation embodies three main features of the process: (1) The development of bases of accumulation for a particular firm in several different countries, thus extending the social base of capital. (2) The increasing trend toward combination under single ownership of capital coming from a number of countries. “The ‘origin’ of this capital,” as Poulantzas shows (p. 60), “is not a question of its nationality . . ., but rather of the place where the original and/or dominant social relations which compose the capital are constructed.” Companies which are not decisively controlled from a single dominating country are extremely rare. (3) The process of internationalization has been taking place under the decisive domination of capital based in the U.S.A. About 40 of the 50 largest multinationals are essentially American firms with operations (including plant) in other countries. Poulantzas provides extensive documentation of the various ways in which American capital builds and exercises this domination.

It should be clear that the multinationals are in fact multinational in only a limited sense. Wolfe’s failure to grasp this results from his institutional approach, which regards the multinationals as “sociocultural” units to be analyzed from the point of view of the form and site of their decision-making and executive behavior. A more illuminating analysis would have to recognize that the formal organization and behavior of these units are secondary social processes which can only be explained through analyzing the social relations operating within them—beginning from the labor process itself and the direct confronta-
tion of labor and capital—and upon which they are based. Among other things, such an analysis would conclude that the multinationals, while not confined within the national state, are subject to and determined by social processes which operate at the level of the individual social formation governed by a national state. Such an analysis cannot be carried out in this brief comment. I refer the reader to Poulantzas, Braverman (1974), and O'Brien (1977).

by David Pitt

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Wolfe needs to be congratulated for a perceptive essay on a most important topic, but there are critical parts that need to be developed further, and some contradictions.

First, the author claims, and I think rightly, that there is a need for more holistic models, perhaps of the Steward (1955) kind, and (in his conclusion) more description. The two clearly need to run together, but we should recognize that we do not really have an ethnography of the multinationals, certainly not the sort of ethnography that Steward had at his disposal. There are, moreover, very real difficulties in obtaining the necessary ethnographies. Supranational organizations and networks are, as the author recognizes, sprawling, anonymous networks, in which images and realities vary at different points of the structure. Then there is the problem of access itself, especially to the HQs from whence the genealogies spring. This is clearly not a village situation in which the research worker has the patronage of a colonial power, or a university, etc.

Secondly, I think the author is right to stress the myth of national frames of reference, but this needs a fuller theoretical consideration of the nature of national boundaries or, indeed, social boundaries generally. Boundaries seem not only to contain, but to be defined by crossing, so that both sides of a boundary may be affected and influenced by a social process. A multinational like Nestlé, for example, has many "Swiss" characteristics—capital, paternalistic organization, etc., even down to the chocolate totem. In its manifold international operations, however, it is hardly a vehicle of Swiss imperialism in the Marxist sense. It is some part of Switzerland, but abroad—outside the national-boundary fence and influence. Multinationals, then, are not new nations, or imperialist extensions (as the Marxists claim), but new kinds of collectivities that exist around and across boundaries. This kind of boundary, down the middle as opposed to the outside, is probably nothing new, since many old boundary concepts in the social sciences derived not only from an overemphasis on national frames, but also from undue reliance on physical-science concepts.

Wolfe is also right to emphasize novel mechanisms of control. The essence may well be like the Lévi-Straussian generalized wife-exchange systems or, perhaps, the Maussian gift exchanges. However, there still needs to be some direction given, if only a precedent and a primum mobile. In this the committee plays an important part. This fits well with the anonymity, the technocracy, the hierarchy and its proliferation. It provides a (ritual?) forum for resolving conflict and for power manipulation. It is a prime agent of socialization. More basically, it permits the boundary crossing in time that is a counterpart of spatial extension. The supranational world, then, is a commitment, to coin yet another unwanted neologism. This may be true of nations, too. The historian A. J. P. Taylor, for example, told the British Historical Association in London in April that the new dictatorships, East and West, are by committees whose names nobody can remember. Perhaps, then, the national structures are reflecting the new supranational structures rather than the other way around.

by Barbara J. Price

New York, N.Y., U.S.A. 16 v 77

If economic and political anthropology do not or cannot deal systematically with the emergent phenomenon of the multinational, they are to that extent limited. Wolfe's paper is therefore especially welcome as a strong indicator of productive future directions. I fully concur that an evolutionary framework is well suited to the analysis of the processes involved, and regret only that Wolfe's somewhat scattered use of the paradigm tends to dissipate its potential explanatory power. Underlying the evolutionary paradigm is White's dictum that culture evolves as the amount of energy harnessed per capita increases; this focuses attention upon this aspect of the multinational in comparison with other forms of energy capture and distribution. The materialist premise holds, moreover, that there is regularity in the association of a given technoeconomic infrastructure (which produces energy) and the locus and organization of power (which determine its flow). The emergence of the multinationals represents, in these terms, an expansion of the scale of production and the increasing quantitative dominance of these organizations in a world economy having less and less relationship to the boundaries of national states. We are dealing with a shift in the mode of production and the concomitant emergence of a new, more complex, level of sociocultural integration.

A shift in the mode of production is an irrevocable alteration of the man/energy relationship. While the substantive developments involved in the emergence of the multinationals are new, there are nonetheless regularities inherent in the process. Elements found conjoined in a shift are generally already present as isolated or occasional means of intensifying a preexisting, pre-shift economy. A shift, in other words, represents a change in the relative amounts of energy produced by different sectors of an economy, and thus in the relations among such sectors. The irrigation revolution, for example, takes place not as a result of the "invention" of irrigation (this had occurred earlier, with canal irrigation on a restricted scale used to increase the yield or security of an essentially rainfall agriculture), but as a result of the expansion of its scale to the point where it comes to underwrite the bulk of agricultural production and, concomitantly, determine the principal sociopolitical institutions as well.

This overall developmental pattern is followed in the case of the multinational. As with any shift in the mode of production, Romer's rule—a statement of the short-term operation of natural selection, its opportunism in favor of what works best under existing conditions, with long-term potentials or transformations analytically irrelevant and epiphenomenal—is applicable. The historical antecedents of the phenomenon, as individual components, embedded in changing economic and political contexts, vary in time depth. Colonial empires represent the differential expansion of national states, themselves the product of earlier levels of economic expansion and institutional patterning. Merely documenting these predecessors or the historical lineages of individual elements does not, of course, explain the shift in production and in organization. Variant forms of energy production and distribution are constantly and randomly arising: our problem must be the explanation of the differential survival of the variants. This is nonrandom, governed by the operation of natural selection.

Evolutionary theory is ultimately a competitive model, differing therefore as an explanation of stability and change from the analysis of the historical transmission of institutions. In an extension to cultural phenomena of the principle of competitive exclusion, it may be noted that, all else being equal, the more efficient form supplants the less efficient when both do similar work in comparable contexts. Analysis of cultural transformations is thus most productive on a basis of the changing work done by the institutions in question. The geographic proliferation of the multinationals suggests, in these systems of greatly
expanding scale and highly rationalized production, that they out-compete potential competition. To that extent, they are adaptive traits. They should repay analysis in terms of the material conditions under which they operate.

An asymmetrical association of dominant "developed" and subordinate "underdeveloped" components characterizes the organization of the multinational as itself a system. While this observation is rooted in part in the heritage of colonialism, its persistence suggests that it is internal to the world economy. The geographic distribution of the multinationals so organized may be a function not only of raw materials, transportation, and communication, but of labor supplies and costs: from this perspective, the institutional asymmetry may itself direct the strategy of expansion. Because in some locations the multinationals constitute a principal nexus of energy production and control, they are to that extent more powerful than the potentially competing, but energetically smaller and weaker, institutions of the national states in which they find themselves. The latter become, in turn, "company states."

To hazard a very preliminary prediction, any nationalization of any of the components of the multinational should result in at least short-run loss of the rationalization that makes it efficient. Any number of recent expropriations might well be studied from this perspective. The repercussions upon the multinational system as a whole deserve investigation, assuming it were possible to collect this sort of data. Regardless of long-term implications, the multinational seems to be phenomenally successful, in evolutionary terms, on the basis of its differential, competitive expansion. Its differential efficiency in energy production in comparison with other economic and political institutions is responsible for its differential, and increasing, power.

by T. V. SATHYAMURTHY
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This article is presumably intended to be a contribution to an anthropological approach (i.e., a study using anthropological concepts, models, and methods) to supranational organizations and, in particular, multinational corporations. Its claim to be a theoretical contribution cannot be taken seriously, for it is little more than a jargonized description of the evolution, structure, and functioning of multinational corporations. It asserts that these organized expressions of corporate capital are here to stay and that therefore we should not question their immanence as actors in international relations, but merely record their status as a historical phenomenon. The author's concern cannot have been with "structure" in the wider sense in which it has been handled in anthropological theory over the last 50 years, but only with the internal structure (more accurately, the working) of these organizations in a mechanical sense.

Nowhere in the article can one glean any awareness on the part of the author that no characterization of multinational corporations is possible without focussing on their political and economic role during a specific phase of the development of capitalism (see, for example, Horowitz 1969, various issues of Monthly Review, or, for that matter, the Financial Times, including the statement of G. Agnelli of Fiat on May 21, 1977). multinational corporations play a crucial role in the emergence of a world-embracing capitalist system of production during the contemporary phase of imperialism. Their penetration of world markets and their far-flung influence in the chancelleries of the world—always to the detriment of the peoples of the world and always in collusion with the ruling classes of the host countries, especially those of the Third World—constitute the crux of the sharp contradiction between imperial forces attempting to erase national boundaries with the aid of local collaborators and the popular forces in a number of poor countries, e.g., in Indo-China and southern Africa.

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Two points need to be made: (1) It is strange that the author should find nothing to object to in Wells (1971). (2) The article, written in 1976, seems to reflect no awareness of the political role of the ITT—to cite but one example—in the affairs of Chile during the Unidad Popular period. Recognition of the international political dynamic of multinational corporations would have channelled the author's attention to an entirely different and not trivial problematic relevant to the concrete problems posed by their existence and the power that they wield. This article is but one among many that, albeit unwittingly, give these new multinational agents of local repression in so many countries a sanitized respectability by turning attention away from what they do to how "resources in different national economies" are linked "in order to serve a common set of organizational aims."

Those who have viewed the American film Network will recall the scene in which the television reporter is given a powerful dose of indoctrination by the chairman of the network. It achieves its purpose: the transparency of the network chairman selling a world view that denies the existence of America, ideology, democracy, or anything else except the great multinational corporations transforms the reporter. We suffer on the academic scene from no dearth of such reporters, teachers of humanoids—with one difference, however: we do not even appear to need the services of an ideological exorcist.

by William W. Stein
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Had I not been solicited to comment on this paper, I very likely would have ignored it. After reflection, however, I think that it should be taken note of, if only to combat its distortions and omissions. I believe that Wolfe's attempt to show the human historical trend toward international organization of production is a departure in the right direction, and I applaud this, but I deplore his ahistoricism and the aid he gives to world capitalism by obscuring the nature of the multinational corporation. In the capitalist economic formation, the function of the corporation has to do with the extraction of value from people's labor, the accumulation of this value in the form of capital, and the use of this capital to control and exploit further the producers of thisvalue—become-capital.

To Wolfe—and to anyone else who believes that "nationality is not an issue" for the multinational corporation because "the system as a whole is above the level of the nation-state" and should be treated "as a new system at a supranational level of integration" (italics mine)—I would like to recommend an article by Sweezy and Magdoff (1972:88—112), who dispose of the notion that something new in the way of international organization has emerged as follows: "in much of the literature this is used in a propagandistic and apologetic sense, suggesting the transcendence of national vices and rivalries and the emergence of a new institution with hopeful auguries for the future. That such connotations are nonsensical will appear as we proceed . . ." (p. 89). While the multinational corporation is multi-national in that "it operates in a number of nations with the purpose of maximizing the profits not of the individual units on a nation-by-nation basis but of the group as a whole . . . in all other decisive respects we are dealing with national corporations." (p. 90). Ownership and control, with few exceptions, are not diffused internationally but are concentrated in one nation. Sweezy and Magdoff (p. 96) point out:

The very idea of a unit of capital divorced from any nationality—which, according to some apologetic theories, is what the multinational corporation is in the process of becoming—is a contradiction.
in terms. Capital is a fundamental part of a particular set of relations of production which, far from being natural and eternal, is historical and alterable. These relations of production, implying as they do the exploitation of some classes and groups by other classes and groups, were established through violent struggles and can be maintained in existence only through a sufficiently powerful apparatus of coercion, i.e., a state. Capital without a state is therefore unthinkable. But in the world as it is constituted today only nations have states: there is no such thing as a supranational state. It follows that to exist capital must have nationality.

To illustrate the point, I cite one of the grimmest cases in modern international political economy, that of the United States vs. Allende's Chile. The economic blockade of Chile following the latter's expropriation of "multinational" properties was organized not supranationally but in one nation-state, the United States. Similarly, the intervention in Chile's internal affairs by a campaign of subversion (including the supply of funds to opponents of the Allende administration, the transmission of false information through mass communications media, and the organization of fascist street gangs) came from the United States, not from some hypothetical entity existing above or beyond that nation-state. This is hardly a "social actor...which is much less under the actual control of men than we expected it to be." Indeed, the hint that there is something in the existence of the multinational corporation that is suprahuman, not exactly controlled by men (and, presumably, women too), mystifies the connections between a social class and exploitation.

In order to maintain the protection necessary to the retention of its capital (from the threat of either "primitive" or "civilized" expropriation), a multinational corporation must have some national force exerted to its benefit. In the case of Chile, there are two national forces, because Chilean class interests, backed up by their own enforcers, are also involved. Therefore, it seems to me that class analysis of the multinational corporation is more revealing than the application of the "network model," the concept of accumulation more clarifying than that of "anti-capitalization," and imperialism more to the point than "increasing internationalization of economic activity." The "inadequate categories for dealing with modern production problems" are the very ones which are proposed as replacements for older categories.

I doubt that the multinational corporation will be realistically viewed outside the framework provided by Lenin's analysis of imperialism. In order to understand the connection, it is necessary to view the "private resource flow (investment) into developing countries" as only part of a two-way movement of resources, the purpose of which is to transfer wealth from developing (or underdeveloping) countries to developed ones as multinational investment pays off through profit remittances, debt-service, royalties, imports, donations, and other transfers of capital (see Frank 1969:181-91). It seems most inadequate to me to compare the multinational corporation with bits of ethnological exota, when its existence dooms large parts of the world to poverty, resource depletion, ecological mayhem, and herds of military enforcers.

by JANE ALISON WEISS and HOWARD E. ALDRICH
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Wolfe calls for a supranational perspective on the organization of production and presents a "sociocultural evolutionary approach" (Steward 1955) as the vehicle for defining this strategy. There is, of course, something to be said for an idea whose time has come. A supranational approach to the analysis of international organization is more useful than competing nation-state-based approaches for explaining contemporary modes of production and exchange, and this paradigmatic approach has been articulated by others in sociology, economics, and history. Despite Wolfe's assertions to the contrary, theorists across disciplines are attempting to describe the increasingly complex interactions among units at the world level: notably, Wallerstein (1972a, b, 1974), Baumgartner, Buckley, and Burns (1976), Johnson (1970), and Frank (1966).

There are three questions which a theory of supranational organization must answer if it is to have explanatory power: (1) What are the components of the supranational network? (2) What is the nature of the linkages binding the components into a network? (3) What are the causal processes which brought the network into existence and which link its components at any given historical point? Wolfe fully answers only the first of these questions, arguing that the components of the emergent

by MALCOLM C. WEBB
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My comments will be brief, since I find myself in essential agreement with most of what Wolfe says. Although his topic touches upon the farthest boundaries of what we have traditionally considered appropriate anthropological concerns, this makes his effort the more praiseworthy. For some decades now, many in the field have argued that anthropology would not finally come of age until we habitually applied insights derived from the simpler societies to the developed industrialized nations and vice versa. (The writings of Margaret Mead come most readily to mind, but I recall my own teacher, the late Leslie White, making the same point over many years in lectures, and, indeed, the theme goes back to the time of E. B. Tylor.) There are, however, two points at which I would like to make some suggestions for further work. First, insightful as Wolfe's paper is, it remains a bit programmatic. Allusions to parallels with the Aranda or Tallensi are fascinating, but what is really needed is the detailed analysis of organizational nodes or specific cases of decision making in terms of such parallels. (For a number of years now, I have in my classes on the anthropology of religion suggested that a fruitful way to understand the social life and political economy of local churches of the mainstream Protestant denominations would be to think of them as chiefdoms and subchiefdoms; I must admit, however, that I have only played with the idea.) Another area that demands attention is historical antecedents within the Western cultural tradition. I would not deny that the recent increase in size and complexity of supranational economic organizations, as well as in the proportion of total enterprise controlled by such entities, does represent something new—quantitative increases can in time result in qualitative shifts. Yet the phenomenon does have analogies, at least, in the past which might enable us to look at the contemporary scene from a broader perspective. In late medieval Austria, members of the Fugger family were not only merchants and bankers, but also entrepreneurs of mining. The Rothschilds in the 19th century, although more purely devoted to banking, were also much concerned to establish and extend connections with the state system of their day. An earlier case might be that of the trading companies of ancient Mesopotamia, which were frequently hybrids of private enterprise and state investment; it will be recalled that some of these even had government-supported links with the politics of their own "underdeveloped nations" through trading outposts established in such areas as Anatolia. No doubt persons more familiar with ancient and medieval history than I could greatly extend and expand upon such examples. Perhaps, then, one of the most important contributions of Wolfe's paper will be the stimulation of further research—both analyses of contemporary systems and historical-classificatory studies—which will provide further support for an idea which, although intriguing, seems as yet somewhat undeveloped.
network are states, corporations, persons, and institutions joined by a plexus of ties which are interlocking and predominantly nonhierarchical in form. He claims to follow Steward's evolutionary perspective, but does not present a clear theoretical model. Instead, the article is comprised of a series of empirical generalizations on the emergence of forms, focused primarily on the multinational corporation as a new form. The lack of a clear causal argument leaves readers with the impression that the supranational system is a result of the unfolding of change inherent in corporations "invented centuries ago" and states "invented a few thousand years ago."

If Wolfe wishes to discuss a supranational system as a system, then he must confront the question of the processes which sustain it. A consideration of three processes points up the limits of Wolfe's implicit answers to the three questions we have posed. First, the emergent supranational system may be a result of traditional market mechanisms, extended to include an international division of labor. Perhaps the preeminent critic of the ontogenetic approach to the study of social formations is Immanuel Wallerstein; he has asserted repeatedly that the only meaningful social unit in the capitalist world is the world economy. His argument is based on the emergence of an international division of labor and the concomitant disjunction between political and economic institutions in the "long" 16th century, with the territorially limited nation-state confronting territorially expansive regional (and then world) production and exchange systems. From this perspective, multinational corporations are simply a part of the extension of capital to a world division of labor. Wallerstein has already identified the "distinctive segments" of the supranational economic system that Wolfe refers to, labelling them the core, periphery, and semiperiphery states. Wallerstein, unlike Wolfe, sees this world economic system as the precursor of a world socialist state, which will be a truly supranational system. In work anticipating Wallerstein's schema, Lenski (1966, 1970) argued that an increase in the size and complexity of a society's economic system, based on technological advances, is followed by a similar expansion in its political organization. Historically, this process has resulted in the emergence of ever-expanding political-economic units, beginning with hunting and gathering bands and continuing up to the nation-state as the current unit, perhaps to be superseded by multinational units such as the European Economic Community. Lenski's is very much a materialist view of history and could be used to describe the components of the contemporary world level organization of production, specify the processes generating the system, and estimate the potential for the emergence of a new social formation isomorphic with the expanded productive base.

Second, a supranational system may be maintained by dependence relations among its major components: states and corporations. In a world marked by gross inequalities among nations and corporations, it is simply implausible that a system will emerge which is nonhierarchical at the top. It is, perhaps, a misplaced emphasis on multinational corporations and the lack of a specifically historical or causal argument which leads Wolfe to the assertion that we are witnessing the evolution of new organizational forms, abstract in nature and not necessarily based on any previously existing ones. The degree of interdependence among units portrayed by Wolfe in the last few paragraphs of his article would be extremely destabilizing in a nonhierarchical system. As Simon (1962) has argued, the survival of large and complex systems is critically dependent upon their being hierarchical and loosely coupled. Frank (1966), Baumgartner and Burns (1975), and Galtung (1971) have pointed out that the world system is held together not by a mutual-influence structure, but by relations of dominance and subordination among nations and corporations. It is easy to be seduced by the word "multinational." However, it is clear that most corporations are multinational only in their opera-

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Finally, the most obvious sources of transnational integration and the most recent developments on the international scene are the supranational agencies and organizations, public and private, that are oriented explicitly toward world or multinational goals. It is curious that, in a paper dealing with multinational business corporations, Wolfe does not cite the agencies most concerned with providing the infrastructure for worldwide economic transactions: the International Monetary Fund, oriented toward stabilizing currency values, the World Bank, concerned with investment in developing nations, the International Labor Organization, disseminating information about industrial relations and collective bargaining structures, and a host of agencies and committees of the United Nations that monitor and attempt to influence all aspects of international development. The European Economic Community (the "Common Market") in Western Europe and Comecon in Eastern Europe are political-economic transnational units oriented toward some degree of regional economic integration. Other organizations and groups are explicitly concerned with world order and military security: NATO performs the same function for Western European nations that the Warsaw Pact performs for Eastern European nations, and other organizations such as the Organization of African States attempt to instill coherence into the external political affairs of member nations. Whether these organizations and agencies are successful is not crucial to our point—they are supranational actors explicitly concerned not just with "sociocultural" activities but with a political economy of "real relations" (Marx 1973:90).

Wolfe's major point is well taken—production is evolving on a world scale, and social scientists should adopt a theoretical perspective consonant with the emergent structure. We doubt, however, that a nonmaterialist sociocultural approach is powerful enough to do the job.

Reply

by Alvin W. Wolfe

Tampa, Fla., U.S.A. 19 VII 77

Two misunderstandings shared by many of the commentators should be cleared up at the outset. My article is about the development of a supranational system encompassing multinational corporations and states, not about the multinational corporation as an institution in its own right. Secondly, my article is in no way intended as a defense of neocolonial exploitation, or of the status quo, whatever it is.

... I should have thought that I had emphasized sufficiently that my concern is with the system as a whole—"a modern supranational structure that is more than just international," "a cultural-ecological system that is above the level of the nation-state and above the level of the multinational firm and even the multinational enterprise as Vernon defines it." Again and again, I make the point that "the system of our concern is different from an international organization and different from a cartel formed by corporations," that it is "a qualitatively distinctive sociocultural system at a higher level of integration," that it is "a social system involving states, corporations, and networks of corporations and states and persons, systematically processing information in such a way that the higher-order system exerts significant control over the elements organized at lower levels of integration." In the light of all this, it is hard for me to understand why at least nine of the commentators react as if the subject of the article were the multinational cor-
poration per se. Insofar as they misjudge the very subject of the title, the supranational organization of production, commentators Klein, Magubane, Nash, Newell, O'Brien, Price, Sathyamurthy, Stein, and Weiss and Aldrich are likely to miss the mark.

The other misunderstanding, the view that the paper is a defense of multinationals and of their exploitation of the peoples of the world, is more understandable, in retrospect, because I did not exert the same effort to make clear my sensitivity to the fact of exploitation of the poor as I did to make clear that the subject of the paper is a supranational system at a hierarchical level many times removed from the level at which most individuals and households operate. I do, in fact, believe that both states and corporations (whether multinational or not) are exploiting peoples ruthlessly in every part of the world. However, before we can know whether knowledge of the supranational system can be used to combat such exploitation we must develop that knowledge. There are those, represented by Klein, Magubane, O'Brien, Sathyamurthy, Stein, and Weiss and Aldrich, who believe that Marxist scholarship tells us all we need to know about such things, and they seem particularly unhappy with my saying I have been unable to find a Marxist work which treats the supranational system as anything more than an imperialistic continuation of the growth of nationally based monopoly capitalism. These commentators have given me some new references, most of which I have checked into, but they have not shown me any greater understanding of that which I take as problematic, the evolution of a system at a level of integration above that of states. Of course, Marx and many others since speak of the world market or the world system, but they do not clarify the processes of development of a supranational system. It was not my intention to write in opposition to Marxist theoretical approaches, or in opposition to any of the other theoretical approaches mentioned. However, from my reading of their treatment of the current activity in the area of organization of production above the level of nation-states, I believe that Marxist scholars, like those from other disciplines, are so firmly wedded to their given concepts that they cannot conceive of the generation of something genuinely new, such as this wider system that subsumes not only states and corporations but all other subsystems as well. That is why I believe scholars with a broad evolutionary anthropological perspective must address these problems, for such scholars—anthropologists broadly trained—are likely to be open-minded enough to recognize new formations when they are generated out of the interactions of those institutions we already know. It doesn’t take much vision or theoretical insight to see how states and corporations interact in going about their deliberate purposes of good or evil. To see the patterns of new institutional forms above these, however, requires the same kind of relativistic method and holistic perspective that anthropologists have traditionally applied in coming to understand unfamiliar cultural systems everywhere. The anthropologist who becomes a true believer committed to a given set of concepts and processes will surely miss an opportunity to discover something newly developing.

I know it will not satisfy Magubane’s call for “revolutionary action” and for “relating [phenomena of multinational enterprise] critically and in a revolutionary fashion to the growth of monopoly capitalism,” but he and others might be interested to know that during the 1960s I published a number of papers on neocolonialism in Africa (1962a, b, 1964, 1965, 1966a, b, 1967; Onwuachi and Wolfe 1966) in “praxis-oriented” publications such as Liberation, Toward Freedom, PASOA Newsletter, and Africa Today. Some of my writings were introduced into United Nations proceedings at various levels, and they earned me the hostility of important “capitalists” such as Clarence Randall, President Eisenhower’s foreign economic advisor and President Kennedy’s negotiator for the Ghana Volta River dam project. I was intrigued, as was the chancellor of my university when a member of the board of regents called it to his attention, to see myself referred to in the New York Times (April 4, 1963) as a member of “a highly articulate two-man team” charging “that Africa is being looted by a ‘Cape-to-Katanga team’ of malefactors of great wealth.” Randall went on to say that this team—myself and the Reverend Michael Scott—using every available means, endeavored to whip up animosity against the great mining corporations and against private corporate operation of mining enterprises. “Professor Wolfe does the writing, Reverend Scott distributes the materials to the delegates, and appears before the committees,” he said. For whatever it is worth, I have been attacked at least as vehemently by “monopoly capitalists” as I am now by “Maoist-Marxists.” By the way, as I was rummaging through old papers to find Clarence Randall’s wording, I came across a letter from Julian Steward, dated December 4, 1962. Since Magubane, at least, feels that I have “oversimplified and misapplied Steward’s theory of sociocultural evolution,” perhaps readers would be interested in Steward’s comment on one of my early manuscripts on this subject: “I am more gratified than I can tell you that my concepts have found such incisive application and brilliant illustration in the paper that you so kindly sent me. . . . You not only express the concept [level of integration] very correctly, but you go somewhat beyond what I have written and relate the concept to evolution in what seems a very crucial way.”

Now, to address some specific points mentioned by commentators: I must apologize to Belshaw for failing to recognize that he, also, sees that state systems and national and international organizations are poor models for new institutions to supersedethe present ones. Apparently this is a level of discussion where it is difficult to communicate what we mean. Because of this difficulty, I deliberately use the term supranational, rather than international or multinational, when I refer to the system which is qualitatively distinct from the national or international or multinational institutions.

It is true that when a member of the board of regents called it to his attention, I was surprised that I cite Barth in this regard, for Barth lays emphasis on maximization as the general underlying principle while I call particular attention to the fact of various principles (motives, decision rules) operating in diverse spheres. Barth’s emphasis on maximization notwithstanding, he does contribute to the general literature on economic spheres, although he defines them differently than do Bohannan and Dal-

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poration per se. Insofar as they misjudge the very subject of the title, the supranational organization of production, commentators Klein, Magubane, Nash, Newell, O'Brien, Price, Sathyamurthy, Stein, and Weiss and Aldrich are likely to miss the mark.

The other misunderstanding, the view that the paper is a defense of multinationals and of their exploitation of the peoples of the world, is more understandable, in retrospect, because I did not exert the same effort to make clear my sensitivity to the fact of exploitation of the poor as I did to make clear that the subject of the paper is a supranational system at a hierarchical level many times removed from the level at which most individuals and households operate. I do, in fact, believe that both states and corporations (whether multinational or not) are exploiting peoples ruthlessly in every part of the world. However, before we can know whether knowledge of the supranational system can be used to combat such exploitation we must develop that knowledge. There are those, represented by Klein, Magubane, O'Brien, Sathyamurthy, Stein, and Weiss and Aldrich, who believe that Marxist scholarship tells us all we need to know about such things, and they seem particularly unhappy with my saying I have been unable to find a Marxist work which treats the supranational system as anything more than an imperialistic continuation of the growth of nationally based monopoly capitalism. These commentators have given me some new references, most of which I have checked, but they have not shown me any greater understanding of that which I take as problematic, the evolution of a system at a level of integration above that of states. Of course, Marx and many others since speak of the world market or the world system, but they do not clarify the processes of development of a supranational system. It was not my intention to write in opposition to Marxist theoretical approaches, or in opposition to any of the other theoretical approaches mentioned. However, from my reading of their treatment of the current activity in the area of organization of production above the level of nation-states, I believe that Marxist scholars, like those from other disciplines, are so firmly wedded to their given concepts that they cannot conceive of the generation of something genuinely new, such as this wider system that subsumes not only states and corporations but all other subsystems as well. That is why I believe scholars with a broad evolutionary anthropological perspective must address these problems, for such scholars—anthropologists broadly trained—are likely to be open-minded enough to recognize new formations when they are generated out of the interactions of those institutions we already know. It doesn’t take much vision or theoretical insight to see how states and corporations interact in going about their deliberate purposes of good or evil. To see the patterns of new institutional forms above these, however, requires the same kind of relativistic method and holistic perspective that anthropologists have traditionally applied in coming to understand unfamiliar cultural systems everywhere. The anthropologist who becomes a true believer committed to a given set of concepts and processes will surely miss an opportunity to discover something newly developing.

I know it will not satisfy Magubane’s call for “revolutionary action” and for “relating [phenomena of multinational enterprise] critically and in a revolutionary fashion to the growth of monopoly capitalism,” but he and some others might be interested to know that during the 1960s I published a number of papers on neocolonialism in Africa (1962a, b, 1964, 1965, 1966a, b, 1967; Onwuchie and Wolfe 1966) in “praxis-oriented” publications such as Liberation, Toward Freedom, PASOA Newsletter, and Africa Today. Some of my writings were introduced into United Nations proceedings at various levels, and they earned me the hostility of important “capitalists” such as Clarence Randall, President Eisenhower’s foreign economic advisor and President Kennedy’s negotiator for the Ghana Volta River dam project. I was intrigued, as was the chancellor of my university when a member of the board of regents called it to his attention, to see myself referred to in the New York Times (April 4, 1963) as a member of “a highly articulate two-man team” charging “that Africa is ‘being looted’ by a ‘Cape-to-Katanga’ team of malefactors of great wealth.” Randall went on to say that this team—myself and the Reverend Michael Scott—using every available means, endeavored to whip up animosity against the great mining corporations and against private corporate operation of mining enterprises. “Professor Wolfe does the writing, Reverend Scott distributes the materials to the delegates, and appears before the committees,” he said. For whatever it is worth, I have been attacked at least as vehemently by “monopoly capitalists” as I am now by “Maoist-Marxists.” By the way, as I was rummaging through old papers to find Clarence Randall’s wording, I came across a letter from Julian Steward, dated December 4, 1962. Since Magubane, at least, feels that I have “oversimplified and misapplied Steward’s theory of sociocultural evolution,” perhaps readers would be interested in Steward’s comment on one of my early manuscripts on this subject: “I am more gratified than I can tell you that my concepts have found such incisive application and brilliant illustration in the paper that you so kindly sent me. . . . You not only express the concept (level of integration) very correctly, but you go somewhere beyond what I have written and relate the concept to evolution in what seems a very crucial way.”

Now, to address some specific points mentioned by commentators: I must apologize to Belshaw for failing to recognize that he, also, sees that state systems and national and international organizations are poor models for new institutions to supersede the present ones. Apparently this is a level of discussion where it is difficult to communicate what we mean. Because of this difficulty, I deliberately use the term supranational, rather than international or multinational, when I refer to the system which is qualitatively distinct from the national or international or multinational institutions.

Geschiere refers to the problem of different economic spheres or types of institution. I must insist that in the Stewardian evolutionary framework many levels of integration coexist in a complex social system: simple forms become gradually modified as specialized dependent parts of new kinds of total configurations. The institutions that operate primarily at the topmost level—integrating, constraining, influencing the subsystems immediately below—never by themselves represent anything like a total culture. State institutions are not complete in themselves, yet it is often said of a given society or culture that it is organized at a state level of integration. All I say is that the evidence of systematization of the relations among multinational corporations, states, and other institutions can be interpreted as the generation of a new system at a still higher level.

I am disappointed that no commentator other than Geschiere refers to the problem of different economic spheres or spheres of transactions, which I take to be rather important as an essentially anthropological contribution. I can see why Geschiere is surprised that I cite Barth in this regard, for Barth lays emphasis on maximization as the general underlying principle while I call particular attention to the fact of various principles (motives, decision rules) operating in diverse spheres. Barth’s emphasis on maximization notwithstanding, he does contribute to the general literature on economic spheres, although he defines them differently than do Bohannan and Dal-
ton. Unfortunately, even Bohannan and Dalton (1962) confuse readers by defining spheres as being distinct, separate, and independent and then going on to speak of how transactions within a sphere may be called conveyances while transactions between spheres may be called conversions (p. 5). Thus, when Geschiere says that “fundamental to the distinction of such spheres is that values in one sphere can only with great difficulty be transferred into values in the other sphere(s),” he is not necessarily presenting only one view possible. My own preference is to conceive of spheres as identifiable by one or more of several criteria: (a) by type of resource involved, as when some goods tend to be valued only in terms of others in the same sphere; (b) by type of actor involved, as when some actors tend to deal only with certain others; or (c) by type of principle or decision rule involved, as when “giving” anything tends to be thought of as in a separate sphere from “selling” anything. Using definitions such as these, and reasonable probabilistic thresholds for handling transactions between spheres, I think we will make more sense out of our modern spheres than do economists who insist on a unicentric universal economy in which all transactions are governed by the market mode and any behavior that is not interpretable as in that mode is simply ruled out as “non-economic.” This is why I cite with approval the works of Boulding and his colleagues on the “grants economy,” those of Boeke, Furnival, and Averitt on dual economies, whether colonial or “internal,” and that of Flore on the dual labor market within the United States. They all adopt what I see as an open anthropological attitude.

Nash takes me to task largely for saying that the supranational system seems to me to have a structure more like the tribal structure of the Aranda of Australia or of the Tallensi of Ghana than like anything previously described in the Western tradition. I am not referring here to any specific model such as that of the segmentary lineage system, which she cites, but rather to the facts that there are crosscutting ties and cleavages and that there is no centralized government. Nonetheless, Nash goes on to say that I fail to see the contradictions between this (supranational) model and that of the segmentary lineage. As a matter of fact, I (1961) have studied the Ngombe, in what is now Zaire, whose social system is (was) a rather perfect example of a segmentary lineage system, more perfect than the Nuer or the Tiv, and though I did not comment on these in my paper, I do see quite a few analogs there. There is in the segmentary lineage system of the Ngombe almost the same commitment to perpetual growth (through births) that there is in the supranational system (through reinvested profits). Nash says the segmentary lineage is inherently limited in its growth, and the process of hiving off is a manifestation of these limits. Does she not recall Sahlins’s (1961) article on the segmentary lineage as a mechanism of predatory expansion? Further, she says the emergent international system lacks the central feature of segmentary clan structure—a moral/ideological system binding the segments together and enabling new, autonomous units to develop without cultivating a sense of competition. From practical experience with the Ngombe, and from reading about the Nuer and the Tiv, I know that at the topmost level of the segmentary lineage, where the scale is widest, the moral/ideological bonds are fragile indeed, and at every level of segmentation below that there is intense competition, rivalry, and often physical combat. An important point of the analogy is that despite such competition the units involved engage in a great deal of organized cooperative activity even without centralized government. This is true of traditional African societies with segmentary lineage systems, and it is true of these modern systems operating above the level of nation-states. Believe me, those who operate at the supranational level share a world view that differs from that of most of the rest of humanity!

Belshaw and Webb are correct to call attention to commercial operations extending over large geopolitical areas in the mediæval past as possible precedents for some of today’s develop-ments. Unquestionably, there have been tenuous moves toward organization at such levels before now. Until now, however, these have not, I think, produced sufficient regularity to warrant identification as a system at the new level of integration. As I say in the article, the evolutionary generative process by which a new system at a hierarchically superior level comes into existence involves previously existing units and subunits changing their relations with one another and changing their internal structure gradually until, at some point, all the internal and external relations are different enough that the new interdependency is recognized as a system at a higher level of integration. There may be, to be sure, a lot of activity over a long period without systemic change, then, suddenly, a coalescence triggered by some concomitant factors produces the new system. One of the factors triggering the coalescence of a system at the supranational level now is certainly the capability for instantaneous worldwide communication and the processing of myriad bits of information that previously would have taken months or could not have been done at all. All human systems then were more territorially bounded, whether in mediæval times or in the 19th century when Europeans used “corporations” to express their hegemony in Africa. The data-processing revolution since 1952—not only in electronic hardware but also in mathematical programming software—provides a quite different ecological setting for the evolutionary tendencies toward supranational organization of production. It is a different world from that of the Roman Empire, different from that of mediæval Europe, and, incidentally, different from the industrializing world known to Marx.

To this point also, Steward’s 1962 letter to me is highly relevant, for after saying that I had not only expressed the concept of levels of integration correctly and had taken it beyond what he had written in relating it to evolution in a crucial way, he continued:

That is, you connect emergent and qualitatively new forms to qualitatively new processes. It is at this point, I think, that one of the most basic differences between White, as an evolutionist, and many other social scientists, who seek universalistic processes, becomes crucial. It is also at this point that any so-called applied anthropology may be important today in focusing attention through an empirical method on the fact that something unknown in the past is happening.

References Cited


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