ability relative to local firms, unless the MNCs engage in export underpricing.(44) Thus, this benefit of MNCs is difficult to realize.

A final problem with MNCs involves nationalism. In one sense it is understandable if citizens of periphery nations are opposed to foreign control of investments in their nation, despite any advantages to the domestic economy. Yet, in another sense, as the above analysis seems to demonstrate, there may be economically rational reasons which can be used to support a nationalistic viewpoint. With the advent of the New International Division of Labor, characterized by relocation of the production process from the center to the periphery, we witness a breaking down of the link between the accumulation of capital and development of domestic markets.(45)

If there are so many problems with MNCs investing in the periphery, why did the periphery allow this in the first place? To be sure, this question is deceptively difficult. The "simple" task of defining national interests is often allusive.(46) Indeed, originally MNCs were lured to invest in the periphery.(47) Once investments began to flow, their regulation became a matter of policy choice. Jenkins has stated that repression in some Latin American nations may have been influenced by the states' efforts to service the needs of the TNC.(48)

If we accept the proposition that more repressive governments are on average more concillatory to MNCs, and if we also assume that MNC investment can have a negative effect on the economy, we might hypothesize that a less repressive government may be able to acheive greater income equality and become less vulnerable to outside shocks. Indeed, this was precisely the conclusion of a 1986 study by Atul Kohli at Princeton University, as printed in the Wall Street Journal.(49)

Deciding how much investment is appropriate and the form such investment should take becomes a difficult balance of values. On the one hand, the state needs to protect its workers, its industry and its ability to remain economically independant. On the other hand, there needs to be some accomodation of international capital to induce accumulation. Unfortunately, according to Jenkins, these policies will remain contradictory.(50)

The struggle between these two goals may not be as problematic as it first appears, however. According to Vernon, bargaining power shifts over time from the MNC to the domestic state as the MNC becomes a more important part of the domestic economy and as the nation becomes increasingly aware of the operations of the MNC. As all this occurs, the state is able to increase controls and restrictions over the MNC, minimalizing the negative effects of the MNC investment.(51) Vernon's views can further be supported by an empirical study by Vaitsos yielding similar results and conclusions.(52)

VI. Conclusions

A review of World Bank data has shown that private investment is flowing from the center and to the periphery. We can be optomistic in this regard, since this investment is essential in order to obtain the new technologies and create employment in the periphery. Yet if left unregulated, these same investments by MNCs will often not yield the hoped for results. The "invisable hand" of free enterprise must be restricted from engaging in olgopolistic practices while being encouraged to introduce new technologies. This will require not only a careful policy balance but also a better understanding and knowledge of the technologies themselves and their potential effects both negative and positive on the domestic economy. In this way, the developing world will be better able to take full advantage of the available technology and harness it to create a better distribution of income, increased employment, and a better standard of living for its citizens.

Endnotes

1 Kieth Griffin and John Gurley, "Radical Analyses of Imperialism, the Third World, and the Transition to Socialism," Economic Literature, Vol XXIII, No. 3, September, pp.1106-07

2 Ibid., p.1108

3 Richard D. Wolff, The Economics of Colonialism: Britain and Kenya, 1870-1930. (New Haven: Yale University Press, 1974)

4 Amiya Kumar Bagchi, The Political Economy of Underdevelopment (New York: Cambridge University Press, 1982), p.119

5 George Beckford, Persistant Poverty: Underdevelopment in Plantation Economies of the Third World, (Oxford: Oxford University Press, 1972)

6 Griffin and Gurley, Op. Cit., p. 1108

7 Richard B. Sheridan, "The Wealth of Jamaica in the Eighteenth Century," Economic History Review, 2nd Series, August 1965, 18, pp. 292-311.

8 Damodar D. Kosambi, An Introduction to the Study of Indian History, (Bombay: Popular Prakashan, 1956)

9 Griffin and Gurley, Op. Cit.

10 Ronald Muller, "The Multinational Corporation and the Underdevelopment of the Third World," in The Political Economy of Development and Underdevelopment by Charles K. Wilber (Ed.), 2nd ed., (New York: Random House, 1979), p.163

11 Samir Amin, Accumulation on a World Scale, (New York: Monthly Review Press, 1974), p. 112-22.

12 Ibid., p. 112

13 Ibid., p. 114

14 Ibid.

15 Ibid., p. 112-22, cites J. Benard, La conception marxiste du capital, (Paris: 1951), p. 308-9

16 Amin, Op. Cit., p. 110

17 Ibid., p. 17

18 P.A. Baran, The Political Economy of Growth, (New York: 1957)

19 P.A. Baren and P.M. Sweezy, Monopoly Capital: An Essay on the American Economic and Social Order, (New York: 1966).

20 A. Pinto, "Economic Structure, Productivity and Salaries in Latin America." colloquium, Egelund, Denmark, October 23-27, 1967, tables 1A and 3A and table 2.

21 Kieth Griffin, International Inequality and National Poverty, (London: Macmillan, 1978), part 1, chapter 5.

22 I would place Griffin and Amin in this group.

23 Amin, Op. Cit., p. 104, cites Richta, La civilisation au carrefour, (Paris: 1969), which asserts the proposition that while investment flowed from Egypt to the United States, that Egypt was in fact the more profitable of the two. Thus it appears that investors behaved irrationally in the financial markets.

24 D.F. Noble, Forces of Production: A Social History of Industrial Automation, New York: A.A. Knopf, Ch. 4, "Towards the Automatic Factory," 1984, pp. 57-76. Also J. Grahl, "Restructuring in West European Industry," Capital and Class, No. 19, Spring 1983.

25 ECLA, La CEPAL y el analisis del desarrollo latinoamericano, (Santiago de Chile: Editorial Universitaria, 1969), p. 33

26 Raul Prebisch, "Change and Development: Latin America's Great Task," report submitted to the Inter-American Development Bank, Washington, DC, July 1970. Also UN-ECLA, "Economic Survey for Latin America," 1971, (E/EN-12/935)(New York: United Nations, June 1972)

27 Net current transfers from abroad was defined in World Tables as also referring to net unrequitted transfers. "They comprise net transfer payments--between private persons, nonofficial organizations, and governments of the compliling country and the rest of the world--that carry no provision for repayment. Included are transfers by migrants; gifts, dowries, and inheritances; alimony and other support remittances; and government grants of real resources and financial items, such as subsidies to current budgets (including defense budgets), grants of technical assistance, and government contributions to international organizations for administrative expenses." p. XI.

28 In World Tables, Gross domestic savings "... measures the outlays for the addition of reproducible capital goods to the fixed assets of private and public enterprises, private nonprofit institutions, and general government (reduced by their net sales

of used or scrapped capital goods) and the value of the net increase or decrease in inventories. This category includes all new items produced domestically or purchased from abroad, as well as imported second hand goods. It aslso covers all new dwellings (including those acquired by owner-occupants), expenditures on the improvement of durable goods and nonreproducible tangible assets (such as land, mineral deposits, plantations, orchards, and vineyards), and additions to livestock herds. Dealers' margins and other tranfer costs arising from sales or purchases of land and other nonreproducible tangible assets and of used equipment are included. Government outlays for constuction and durable goods for military purposes are excluded." page XI.

29 World Bank (International Bank for Reconstruction and Development), (Washington DC:1984).

30 One of the great problems with studies of this type is the use of data. Much of the data available is recorded in terms of the currency of each nation. This is the case for the World Bank data cited in this study. Still another problem involves finding data with the same base year prices. To overcome this dilemma, we can quantitatively compare nations if we use percentages, even if the actual statistics given for each nations are recorded in different denominations. Further, working with percentages is often easier to conceptualize than raw numbers. For these reasons, I will be using variables which are given as percentages of the GDI. Obviously, this means that the figure GDI will remain constant throughout the study, being set equal to 100.

31 Even using these techniques, there is still a lack of comprehensive data for a number of economies. Data presented for each nation reflects an average percentage over the period 1970 to 1981 unless indicated otherwise by a small case letter following a particular figure. These substitute figures were used only where data for the 1970-1981 era were unavailable. The code for determining the span of the substitute figures is as follows:

a. 1978-1981	b. 1970-1980	c. 1970-1979	d. 1970-1978
e. 1970-1977	f. 1975-1981	g. 1973-1981	h. 1971-1981
i. 1977-1981	j. 1973-1980	k. 1971-1980	l. 1976-1981
m. 1970-1976	n. 1972-1981	p. 1974-1981	q. 1975-1980
r. 1976-1980			

The letter "o" was not used in this coding to avoid confusion in the tables between it and the number zero. Where no substitute data at all was available from the World Bank, the tables will display dashes.

32 Muller, <u>Op. Cit.</u>, p. 151

33 <u>Ibid.</u>, p. 152

34 <u>Ibid.</u>, p. 153 See also F. Murray, "The Decentralization

of Production: The Decline of the Mass-collective Worker?" in Capital and Class, No, 19, Spring 1983, pp. 74-99

35 Raymond Vernon, Storm Over the Multinationals: The Real Issues, (London: Macmillan, 1977) p. 161

36 Muller, Op. Cit., p. 163

37 Rhys Jenkins, Transnational Corporations and Industrial Transformation in Latin America, (New York: St. Martin's Press, 1984) p. 6

38 Muller, Op. Cit., p. 106

39 Ibid., p. 160

40 Ibid., p. 153

41 Ibid., p. 173

42 Ibid., p. 164

43 See for example Diane Elson and Ruth Pearson, "The Latest Phase of the Internationalization of Capital and its Implications for Women in the Third World," discussion paper No. 150, IDS, Sussex, pp. 1-23

44 Muller, Op. Cit., p. 168-72.

45 Jenkins, Op. Cit., p. 198

46 Ibid., p. 178

47 Ibid., p. 178. Also Behrman, Review of 'Multinational Corporations in Brazil and Mexico: Structural Sources of Economic and Non-economic Power', (New York: Council of the Americas, 1975), p. 2

48 Jenkins, Op. Cit., p. 179

49 Wall Street Journal, International Section, Monday, April 7, 1986, p. 20 col. 4.

50 Jenkins, Op. Cit., p. 203

51 Vernon, Op. Cit., p. 171

52 C. Vaitsos, The Changing Policies of Latin American Governments towards Economic Development and Direct Foreign Investment, (paper presented to the conference on Latin American-US Economic Interactions, the University of Texas at Austin, 1973), p. 11

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