“NATIONAL INTERESTS” OR “CLASS INTERESTS?”

In the last few years a substantial number of marxist analyses of post-war capitalism have located the dominant contradiction of imperialism as one between multinational (or transnational) corporations and the nation state. While there are variations on the theme, the general conception is of a “power struggle” between multinational corporations and nation states. Thus in contemporary analyses of Australian capitalism we find statements such as:

“The problem of building up the nation state is that with multinationals such nation states can exercise only a limited sovereignty on local branches of such companies.” (1)

Wheelwright, who has made the most extensive analyses of international capitalism in Australia, claims that with the rise of the (mostly American) multinational corporation which is “responsible to no one”, “what is in question is the survival of the nation state ....” (2). As such analyses have been reflected in the strategies of working class and left political organisations it is important to demonstrate that they are based on concepts derived from bourgeois liberal frameworks, and that consequently they lead to inadequate strategies for a revolutionary movement. To put it most bluntly, there is a significant trend towards various forms of nationalism which have the effect of concealing class conflict and burying working class interests by proposing alliances with the national bourgeoisie, or defence of one’s own state, against foreign or international capital. Wheelwright’s statement that “there are conflicts between the interests of international corporations and the national interest” (op. cit. p. 60) is not uncommon, and a frequent solution offered is that “Australia” should be put in the hands of Australian ownership rather than being owned by America or Japan. (3)
One of these analyses of multinational corporations does actually admit that an explanation of the nature of "national interests can be provided only after a discussion of the relationships between class and state and between class and imperialism"; but then goes on to say that it is outside the scope of the paper; that "national interests" will be assumed, as in bourgeois ideology, "without analysing the real class dimension." (4) It is to be argued here that the nature of inter-imperialist relations can only be grasped in the context of those questions neglected by Marinelli and Somaini. Misunderstandings of these relations have arisen as a result of the meaning given to such concepts as the "multinational corporation", "national interests", and "nation state" in a number of recent analyses. It is necessary to break with ideological concepts and reformulate the question in class terms. In these terms an analysis of inter-imperialist contradictions would not ask the question "what can or can't a state do in the face of large multinational corporations?" Rather, the focus would be on the effect that the internationalisation of capital has on the relations between imperialist bourgeoisies, and consequently on the role of the nation and state in inter-imperialist relations.

MULTINATIONAL CORPORATIONS

The key features of the post World War 2 phase of capitalism that are noted by most marxist commentators, but variously interpreted are, firstly, the massive increase in direct foreign investment (that is the setting up of manufacturing plants in other countries, rather than the take-over of shares in existing local enterprises) (5) and secondly, that this investment is taking place in other advanced capitalist countries rather than in underdeveloped countries. (6)

The significance of direct foreign investment inside other metropolitan countries (that is, centres of imperialism) is, however, often missed; particularly when it is expressed in terms of the "rise of the multinational corporation". The focus on transnational or multinational corporations as the characteristic feature of this phase of capitalism has led "neo-marxists" such as Barratt Brown to claim that there is a need to revise the traditional marxist theories of imperialism (Lenin's *Imperialism* specifically). While admitting that there is competition between these firms, this is seen as qualitatively different to "imperialist state rivalries at the end of the nineteenth century" (my emphasis). This view rests on the assumption that "the multinational corporation has emerged as a more powerful entity than the nation state. The new empires are the giant corporations ...." (8) The political conclusions of such a view are the same as those of the ultra-imperialist position - that is, one that claims there are no contradictions between capitalist states, the only significant contradiction being that between imperialism and the "third world". A particular variation of this is super-imperialism. The argument in this case is that as a result of the dominance of US capital, all capitalist states are united under the leadership and domination of the US super-state. (9) Barratt Brown claims that in the light of the fact that rivalry between capitalist nation states has been contained in the face of competition from the communist world and national liberation movements (1)) and that firms are "now transnational", Sweezy is correct in seeing the only possible revolutionary initiative coming from the impoverished masses in underdeveloped countries (See Baran and Sweezy *Monopoly Capital*). Such positions ignore the contradictions within and between imperialist bourgeoisies and the importance of class struggle in metropolitan countries. The view that the Leninist conception of inter-imperialist rivalry (rivalry between states in defence of certain fractions of capital) has been superseded with the emergence of transnational corporations is based on a misunderstanding of the relation between capital and the state, and leads to reformism in practice. (11) That is, if the rise of the multinational corporation has in some sense meant the demise of national states, the question of state power, central to revolutionary strategy, becomes obscured. (This is to be taken up again later).

The question of the displacement of direct foreign investment towards metropolitan centres has similarly been misinterpreted by those who hold an ultra-imperialist position. (12) Those advanced capitalist countries where US capital holds dominant position become, in their schema, quasi-colonies, analogous to peripheral countries: "a line of continuity is thus drawn between the states of the Third World and the smaller industrial nations e.g. Britain." (13) That is, the "power"
of metropolitan states is being destroyed either under the domination of large US capital, or the US superstate, or “international” capital “above” states. (14) The strategy that suggests itself in the light of this view is an alliance with the national bourgeoisie against US imperialism. Such strategies are based on misunderstandings of the relation between US capital and the bourgeoisies within these formations. As Mandel has pointed out, the percentage increase in direct foreign investment inside other metropoles, contrary to this view, signifies intensification of inter-imperialist competition. (15)

It is interesting to compare strategies for “national independence” of, for example, Australia, put forward by some “maoist” groups, with Mao’s view on the same question in the case of semi-colonial countries:

“When imperialism launches a war of aggression against such a country, all its various classes can temporarily unite in a national war against imperialism ....

“When imperialism carries on its oppression not by war, but by milder means - political, economic and cultural - the ruling classes in semi-colonial countries capitulate to imperialism, and the two form an alliance for the joint oppression of the masses of the people ....”

Mao Tse-tung On Contradiction (F.L.P. Peking 1967, p. 30)

Mao’s warning against collaboration with sections of a ruling class in semi-colonial countries is even more vital in the case of imperialist countries.

The crucial point with regard to multinational corporations is to understand that they are effects of the concentration and centralisation processes of capital on a worldwide scale. That is, they are simply the institutional form of this stage of monopoly capitalism. They don’t signify that capitalism has qualitatively changed, but rather, are the necessary result of the basic dynamics of capitalist development (16) which exist independent of multinational corporations. Martinelli and Somaini, for example, assume that because the “multinational corporation embodies the processes of concentration and centralisation ....” (op. cit. p. 69), it is sufficient to focus attention on firms. On the contrary, it is precisely because they are the institutional effects of a process that the changing structure of global production and form of the accumulation of capital, and consequent class relations can only partially be understood by looking at the multinational corporations and their activities.

THE MULTINATIONAL CORPORATION AND THE NATION STATE

In order to grasp the nature of inter-imperialist contradictions, it is not only necessary to shift focus from the institutions of multinational corporations to modifications in class relations, but also to understand the role
of the state. Firstly, it is important to demonstrate the conception of the state implied in the formulation of "a power struggle between multinational corporations and nation states." (17)

The traditional liberal view of international relations has been one of free, separate nation states embodying national interests, competing with each other for "power". Bourgeois political scientists and economists have found it necessary to modify some of their assumptions with the emergence of multinational corporations. In general they have added the international corporation as another individual actor on the international arena competing for "power". In this new model the international corporation has an homogeneity and equivalence with nation states. It is precisely this framework that some marxists have employed recently.

Robin Murray for example, claims that two traditional assumptions have to be replaced; firstly, that there is an identity of interests between a firm and its state, and secondly, that the state has power to control the activities of its firms. What is needed instead is "a model which contains international firms, nation states, and international institutions as primary units" (as opposed to a model that has either only nation states, or international firms as primary international actors). (18) Thus we find various marxists speaking in terms similar to those of the liberal international relations frameworks: for example, "power is the driving force of multinational corporations and their success lies in their 'bargaining power' with host nation states." (19) Goldstein speaks of "public power versus private power", the "managers" of the former being "accountable", the latter, not. (20) Similar assumptions are involved when Wheelwright, followed by Catley and McFarlane, speak of "multinational corporations being responsible to no one but their own headquarters." (21) The other side of this coin is of course the suggestion that multinationals can be put under control of "the people" via nationalisation. Although it is not the main point to be taken up here, the notion of "accountability to the people" falls entirely within the liberal bourgeois notion of democracy. Goldstein also refers to a "zero-sum struggle for power of managers of multinational corporations with managers of state power." (22) The concept of zero-sum power, or countervailing power, rests on the pluralist assumption that power is a given quantity in a society for which a number of autonomous groups or individuals compete. The gaining of some of his power by one group means its subtraction from another.

A common theme in analyses of international firms is the flexibility of these firms, their ability to shift production units wherever it suits them, the consequence of which, it is argued, is an "abdication of absolute state power." (23) This particular article goes on to claim that "to the extent that foreign capital has penetrated the national economic space the state loses power to defend its own capital." (24) While it is certainly true that states no longer necessarily defend their "own capital", to speak of the state losing power vis-a-vis some section of capital is misleading. Similarly Martinelli and Somaini argue that because multinationals control financial flows, technology etc. and can make arbitrary choices their activity generates "national interest conflicts." (25) That is, nation states, supposedly being powerless to control "foreign" firms, are less capable of acting in the "national interest" (whether it be the interest of national capital, or "the people" at large). Thus, the general picture that emerges from these accounts is that these firms in some sense by-pass, or are above nation states and weaken them, suggesting (although never explicitly) that the national state has in some way to be defended against international or foreign capital.

In order to demonstrate that the main contradictions on an international level today cannot be understood as one between multinationals and nation states it is necessary to outline briefly the marxist conception of power and theory of the capitalist state.

**MARXIST THEORY OF THE STATE**

Marxist explanations of international conflicts are located in the field of contradictions between classes, rather than conflicts of interest between nation states. It is not, however, sufficient to leave the matter here, for the question must be asked: what role does the state play in "international relations" or more precisely, inter-imperialist conflicts? In order to establish this it is necessary to look at the function of the state in capitalist societies. It is important to note that we are now looking at the national state apparatus
rather than the nation state. The use of the concept "nation state" frequently implies that the nation and the state are one and the same, the consequence of this being the suggestion that there is a national interest transcending class interests.

The marxist conception of the state is that it has a function of "holding together" societies, such as capitalist societies, that are fragmented by class contradictions. (26) When understood in the context of a society divided into classes, the state's role as a factor of order and regulation, necessarily means the reproduction of the particular social relations on which capitalism is based. In the words of Engels:

"The modern state is only the organisation which bourgeois society creates in order to maintain the general external conditions of the capitalist mode of production against attacks by workers as well as individual capitalists."

(Anti Duhring)

Not only is the state essential to capitalist societies because they are based on contradictions and irreconcilable class antagonisms, but these also make intelligible the appearance of the state as standing above society.

"In order that these antagonisms and classes with conflicting economic interests might not consume themselves and society in a fruitless struggle it became necessary to have a power seemingly standing above society that would alleviate conflict....."


The apparent separateness of the state is not to be understood in the sense of either it being a neutral umpire between contending class interests or having some interests of its own. This appearance is made necessary in order that a class society be reproduced; that is, the economic and political dominance of the capitalist class be maintained. Without the state apparatus the antagonistic nature of the relations of production would be laid bare, and hence "society" threatened by sharper class struggle.

Now we can return to the question of state power, particularly the notion that the power of the state is being threatened by multinational corporations. This assumes that power is actually located in the institutions of the state. This strictly speaking is not the case; power in capitalist societies means class power, and state power is a particular aspect of the power of the ruling class. The state itself has no "power" - rather it is where ruling class power is exercised. The political domination and power of the capitalist class is realised through the relatively autonomous state apparatus. It is because of the relative autonomy of this apparatus that the state appears to have power itself over society. Difficulties with state power in the analyses discussed above, have partially arisen out of a confusion of state power with state intervention, particularly state intervention on behalf of "national" fractions of capital. That is, when the state is seen to act on behalf of "foreign" capital as opposed to national fractions it is frequently expressed in terms of loss of power of the state to act in the national "interest."

Bill Warren, in arguing against the assumption that multinationals are threatening the power of the state demonstrates precisely the same confusion. (27) He argues that the power of nation states vis-a-vis large firms is in fact greater now, and increasing, on the grounds that the processes of concentration and centralisation of capital have frequently been consequences of deliberate state policies. What he quite correctly appears to be emphasising is the increasing need for state intervention with the increasing internationalisation of capital. (28) This, however, is not a question of the increase or decrease of state power but rather a question of identifying the sections of the capitalist class in whose interests the state is intervening.

It is now clear that it makes little sense to speak of multinationals (in other words, fractions of capital) threatening the power of nation states, or possibly eliminating them when state power is the expression of class power, and the reproduction of capital is dependent on the state. Such an approach evades the task of class analysis, particularly an analysis of the different fractions of capital of which the bourgeoisie is comprised. Confusion has arisen at this point because with the internationalisation of capital it is not necessarily "national" fractions which will be
defended by the state. That is, the general interest of capital may not correspond to the particular interests of national fractions of the bourgeoisie. (29)

Competing fractions of capital are possibly interested in eliminating each other, but not the state apparatus. For all capitals operating within a particular society require the state to play a dominant part in reproducing the social conditions necessary for capitalist production. And, it must be noted, that despite competition between sections of capital, all sections have interests in common such as containing working class struggle, raising the rate of profit, etc. National state intervention is a pre-requisite for the necessary international expansion of capital. And here indeed there is a contradiction: the increasing importance of intervention of the national state as a condition of capital expanding internationally. This is an expression of the general contradiction of capitalism, between the tendency towards socialisation of the productive process and the private nature of appropriation, which is dependent upon the intervention of the national state. Expressing the contradiction in this way is not at all the same as saying that there is a struggle between two entities, multinational corporations and nation states. The political consequences are quite different.

CONCLUSION

The main point of the foregoing has been to argue against various forms of nationalism, such as that promoted by “maoists”, that come from seeing the foreign or international nature of capital as the characteristic that makes it “the enemy”. The basic antagonistic relations of exploitation on which capitalism is based have not changed; it is the form that changes in different phases of imperialism. Thus, the role of the state in capitalist society has not changed either. The basic tenets of marxism-leninism are also still valid. Whether the argument be that the state is the “tool” of foreign or international capital, or that its power is being threatened, the theoretical mistakes and political consequences are the same. Strategically these new theories lead to reformism. The national state in these schemas is either to be defended against foreign capital, or taken over intact by the people (the working class in alliance with fractions of national capital) out of the hands of the foreign monopolies. (30) Such notions ignore the role of the state in maintaining the political domination of the capitalist class. This domination cannot be overcome unless the state apparatus itself is smashed, or as Marx and Engels put it:

“The working class cannot simply lay hold of the ready made state machinery and wield it for its own purposes.” (31)

There are two main political conclusions to be drawn from the above. Firstly, there is a need for proletarian internationalism as against “social-patriotism”. Secondly, the enemy of the people is still the bourgeoisie and its state; and the struggle against them can only be led by a class conscious labor movement.

FOOTNOTES

3. McFarlane and Catley speak of the Labor government’s inability to respond adequately to the “contradiction between the growing nationalism of the Australian people… and the de facto economic and political power of transnational corporations.” (op. cit. p. 5). There is no attempt here to identify what “the Australian people” consists of, or whose interests “their” nationalism serves.
5. See e.g. J. Dunning, Studies in International Investment, Allen & Unwin, 1970, for figures on proportionate increase in US investment abroad since the war.
6. US investments in Europe quadrupled 1957-67, whereas they not quite doubled in Canada, and hardly increased in Latin America. J. Dunning (ed.), The Multinational Enterprise, Allen & Unwin, 1971, points out direct foreign investment constitutes 75 per cent of capital exported now, as against 10 per cent before 1914.
8. Loc. cit.
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10. This is Sweezy’s most recent position. See “Imperialism in the Seventies”, Monthly Review, Vol. 23, No. 10, 1972, pp. 2-5. Also June and Oct. 1971. Previously he took the more commonly held ultra-imperialist view that imperialism is united under US hegemony. While it is axiomatic that revolutionary movements are the threat to capitalism (the victories in Indo-China being the most recent testimony to this) nor the fact that one capitalist country may have hegemony at a particular time can lead to a peaceful unity of international capitalist interests. The very dynamic of the capitalist production process makes this an impossibility.

11. The obvious comparison here is with the reformism of the German SPD and K. Kautsky, the initial proponent of a theory of peaceful ultra-imperialism.

12. This fact has also been widely used by “neo-marxists” in attempts to refute Lenin, e.g. M. Kidron, “Imperialism: highest stage but one”. in Capitalism and Theory, Pluto Press, 1974, London (first appeared in 1962 in International Socialism), pp. 132-3. On an empirical level these arguments overlook the fact that Lenin referred to capitalist investments in other advanced capitalist countries. More importantly though, they are based on a lack of understanding of Marx’s tendential law of falling rate of profit.


14. This latter notion comes out, e.g. in R. Murray, “The internationalisation of capital and the Nation State”. NLR, No. 67, and Picciotto and Radice, Kapitalistate, No. 1, 1973, p. 57.


16. This is not to be understood in the terms put forward by Barratt Brown, that “modern technology pushes firms beyond frontiers of nations” (p. 56, op. cit.). Technology is not the determinant factor. Concentration and centralisation (and hence improvements in technology) occur as a result of the imperatives of competition between capitals.

17. Sweezy and Magdoff go one step further when they refer to the “nation”, “multinational corporations and nations are fundamentally and irrevocably opposed to each other.”, Monthly Review, Nov. 1969. In this article, the “nation”, defined as a “collectivity with pretensions to sovereignty”, the “nation state”, and the “national interest” are used interchangeably.

18. In Dunning (ed.) The Multinational Enterprise, p. 266. Previous reference has been made to Barratt Brown’s suggestion that in fact multinational corporations have become the dominant factors in international relations, whereas nation states were previously. The issue here is not which of these entities has won the struggle, but rather, the framework that sees them as equivalent (but not necessarily equal) entities in a struggle. Barratt Brown is by no means alone in his opinion - cf. Kindleberger, Hymer, Sampson. Vernon.


24. Ibid. p. 62. These authors do in fact give a more accurate account of the function of the state “regulation of the national market economy on behalf of the capital operating within it.”


26. For the most comprehensive contemporary work on the marxist theory of the state see N. Poulantzas, Political Power and Social Classes, NLB, and Sheed & Ward, 1973.


28. Writers such as Mandel have argued that the internationalisation process could provoke some form of supranational state. Not only is this mechanistic, but it falls into the ultra-imperialist mistake of thinking that it is possible to eliminate the contradictions from capitalism, and ignores the fact of uneven development of social formations on which inter-imperialist contradictions are based.

29. It has frequently been noted that, contrary to the initial purpose of the EEC, it has been more advantageous to US capital than European. See Mandel, Europe vs. America, p. 60; Turgendhat, The Multinationals, Penguin, 1973, pp. 106-107.

30. cf. Lenin’s castigation of the “Leaders of Socialism” (German SPD) for their adaption “to the interests not only of ‘their national bourgeoisie’, but of ‘their’ state .....” State and Revolution in Selected Works, Vol. 2, Moscow, 1970, p. 287.