

The Triangle Of Global Power

Multinational Corporations, Corrupt Dictators, and U.S. Military Power

by *Mason Gaffney*

Introduction
By Clifford W. Cobb

Part Two
Creating New Tenure in New Resources

Part Four Tax Subsidies of Beneficiaries

Part Six Conclusion

Part One
Is Defense a "Public Good"?

Part Three
Quotas and Other Privileged Entries to U.S.
Markets

Part Five
Those Who Don't Benefit: American Citizens

Bibliography

EDITOR'S INTRODUCTION

Mason Gaffney once summarized foreign aid as "taking money from poor people in rich countries and giving it to rich people in poor countries." The present study reinforces that cynical view of American foreign policy by demonstrating the fallacy of considering defense to be a "public good" (i.e., spending with a broad benefit to all citizens). Instead, as the author shows, the benefits of American military spending are highly concentrated among the owners of natural resources who require the threat of force to secure their property claims.

Although this essay was originally written during the Vietnam War, its message is virtually timeless. By providing a set of general principles of economic imperialism, this essay offers an explanation not only of U.S. involvement in Vietnam but also of other ventures that have been aimed at demonstrating military resolve in protecting the interests of American-based cartels. The analysis helps clarify the basis for U.S. policy in the Persian Gulf, the Caribbean, and every other place in the world where American companies engage in resource-intensive business operations.

Prof. Gaffney describes a triangular relationship that resembles in many ways the "iron triangle" (interest group, Congressional subcommittee, and executive agency) that sustains domestic interest-group politics against all efforts at reform. In this case, the triangle is formed between a) extractive companies operating overseas (particularly oil companies), b) the caciques or "friendly" national leaders who are rewarded for extending tax benefits and other privileges to foreign companies, and c) the U.S. military and intelligence agencies that keep those caciques in power. That sort of description is not entirely new. The feature that distinguishes this essay is Prof. Gaffney's examination of the economic forces behind the political machinations.

Prof. Gaffney has developed a theory of economic imperialism that is distinct from socialist theories. Gaffney overlaps with Lenin and Hobson on one point: governments of advanced industrial nations seek to control foreign countries to protect the interests of certain corporations. Gaffney and the Marxists

differ on what those interests are, however. Whereas Marx's theory that capitalism is crippled by over-production would lead one to expect the U.S., Europe, and Japan to act in ways that will expand markets, Gaffney proposes that the primary purpose of exerting power overseas is to help corporations gain control of rent-producing assets, i.e., natural resources with low costs of extraction. (Rent and profit are similar in that both represent surpluses, but rent derives from natural resources, particularly land and petroleum, whereas profit derives from production. It is important to keep "rent" and "profit" analytically separate, since they function differently.)

U.S. taxpayers indirectly subsidize extractive corporations by militarily protecting the cartels that monopolize petroleum, bauxite (aluminum), nickel, and other primary commodities. The obvious effect of that ploy is to enable the cartels to hold goods off the market and to command larger rents from the resources they control. A less obvious effect, discussed by Prof. Gaffney, is that by raising rents, cartels depress wages around the world by making production less labor-intensive. Specifically, this occurs when investments are tied up in slow-yielding resource extraction projects for decades rather than in projects with shorter turn-around cycles. (High turnover generates demand for labor and raises wages.) Those who are concerned about the effects of globalization on labor markets would do well to familiarize themselves with the analysis they will find here. A single explanation of the mechanism by which wages are depressed is worth far more than additional descriptions of the miseries endured by the poor in the factories of Pakistan and Indonesia, or the sweatshops of Los Angeles.

From time to time, Prof. Gaffney draws the connections between economic imperialism and the management of the domestic economy. Urban sprawl is perhaps the closest parallel to overseas expansion—a sort of internal colonialism. In both cases (foreign and domestic), political power is used to annex new territory, the majority of citizens are forced to pay taxes to finance the infrastructure that raises the value of the new territory, and then a few powerful insiders reap the rewards and depress the economy by holding productive resources out of use.

Clifford W. Cobb