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Effects of Transnational Corporations on African Economy and Peoples

Maekae, Job (Ph.D)
Department of History and Diplomatic Studies,
Ignatius Ajuru University of Education,
Rumuolumeni, Port Harcourt, Nigeria

Abstract
This paper looks at the definition of Multinational Corporations (MNCS) or Transnational Corporations (TNCS). It states that transnational corporations was one of the most important developments of Post-World War II Africa. The paper states that Transnational corporations have been considered to have played and continued to play critical roles in the generation and intensification of contradiction of development in Africa and throughout the third World. The paper also states the reasons for transnational corporations making investments outside their home governments. It also states the features of multinational corporations and their relationship with their home governments. In this work, two theories are applied to explain the effects of transnational corporations in Africa. These theories, are the Neo bourgeois paradigm and development impossibility theory. The Neo bourgeois economic paradigm states that multinal corporations are partners in African development as they convey foreign capital to African countries, transfer technology to African countries, create jobs in Afircan countries, pay high wages to workers, pay taxes to their host governments and promote industrialization in African countries. Here, the ideas of the Neo bourgeois economic paradigm are debunked with the ideas of development impossibility theory as the proponents of development impossibility theory argue that transnational corporations occasion, gross pillage of natural resources, net capital transfer from African countries, to developed countries, super exploitation of labour, Technological retardation, structural distortions, pollical Instability, social disorder and death, corruption and ecological war in the host countries which include Africa countries. Based on the above, this paper concludes that the effects of transnational corporations on African countries are both bane and boon. Finally, the paper also recommends ways of solving problems imposed on African countries by the activities of transnational corporations in African countries.

Introduction

One of the most significant developments of Post-World War II Africa has been the growth and spread of multinational corporations. These corporations are seen to have played and continued to play critical roles in the generation and intensification of contradiction of development in Africa and throughout the third world. Transnational corporation are seen here as companies, firms or enterprises with their headquarters in developed countries such as United States, Britain, West Germany, Japan etec and also operate in other countries both developed and developing (Jhingan, M.L 200. 482). They are spread not only in the continents of Europe, Australia, New Zealand and South America but the concern of this paper is Africa. Multinals also engage in mining, tea production, coffee, rubber and cocoa plantations, extraction and refining as done by shell and Agip oil companies in Nigeria. Services such as banking, insurance, shipping and so on. They come in different shapes and sizes and perform distinctive functions.

Theoretical Framework

Here, two theories applied to explain this work are the Neo bourgeois economic paradigm and development impossibility theory. The proponents of the Neo bourgeois economic paradigm see multinational corporations as partners in development of African countries because they transfer foreign capital and technology to African countries, create jobs, pay high wages to workers and taxes to host governments and promote industrialization proponents of the Neo bourgeois economic paradigm conceal the stark reality of the issue at stake concerning the operations of multinational corporations in Africa. Proponents of the development impossibility theory debunk the argument of the Neo bourgeois economic paradigm as they see multinational corporations as agents of underdevelopment because according to this theory, multinationals occasion gross pillage of natural resources, net capital transfer from African countries to developed countries, super exploitation of labour, technological retardation, structural distortions, political instability, social disorder, death, corruption and ecological war in African countries. Based on these theories used here, the argument of this paper is that the effects of multinational corporations on African countries are both bane and boon.

Methodology

To achieve success in this research, the researcher takes into consideration historical procedure of identifying specific problem of inquiry, critical analysis, synthesis and logical evaluation of verifiable data relevant to the topic for proper documentation and presentation of dependable account of historical reconstruction for the benefits of man both in the present the future.

Definitions of Multinational Corporations

According to (Jhingan, M.L. 200. 482) multinational corporations are firms, companies or enterprises that operate in more than one countries. By this, they have their headquarters in a developed country and also operate in other countries both developed and developing and spread to other continents of the world. Using the ideas of Sanjaya Lal and Stecter in (Jhingan M.L 2000. 483), multinationals are defined from economic, organizational and motivational viewpoints.

The economic definition lays emphasis on the size, geographical spread and the extent of their foreign investments. By this definition, a true multinational is one with net sales of 100 million dollars with direct foreign investments and manufacturing usually accounting for at least 15 to 20 percent of the company's total investments. Direct foreign investment means at least 9 to 25 percent participation in the share capital of the foreign enterprises.

Organizational definition stresses on some organizational aspects of multinational corporations. According to this definition, a multinational corporation is that which:

a. Acts as an organization maximizing one overall objective for all its units.
b. Treats the whole world or the parts open to it as its operational area and
c. Is able to coordinate all its functions in any way necessary for achieving (a) and (b)

Motivational definition highlights corporate philosophy and motivation in laying down criteria for multinality. Based on this motivational definition, a true multinational corporation is generally identified by lack of nationalism or a concern with the firm as a whole rather than with any of its constituent units or any country of its operations. On the basis of this, firms are classified as ethnocentric (home-oreinted, polycentric, host-oriented) and geocentric (world-oriented) on the basis of attitudes revealed by their executives.

In the light of the above, MNCs are generally seen as very l arge firms with widespread operations which are clearly international in character and have more foreign subsidiaries or more than 15 percent of total sales produced abroad and acting in a cohesive manner to achieve maximum profits or growth (Jhingan M.L. 2000: 483).

In another way, Dunning John, H. (1992:2) defines Multinational Corporation as an enterprise that engages in foreign direct investments and owns or controls value adding activities in more than one country. This is the threshold of definition of MNCs and the one that is widely accepted in academics and business circles by data collecting agencies such as organizations for economic corporation and development (OECD), UNCTL and most international governments. Whichever way, multinational corporations may be defined, what is true is that they operate in more than one country with their headquarters in their home country and perform distinctive activities in a cohesive manner to achieve maximum profits and growth.

Note that whether Transnational cooperation's or multinational corporations, or multinational corporation, they mean the same thing but the term transnational was adopted by the United Nations centre on Transnational corporations UNCTC in 1974 at the request of some Latin American countries that wished to distinguish between companies domiciled in one country of Latin America which might invest in another country from those originating from outside the region (Dunming, John. H. 1992:11)

Though, the operation of multinational is consistent with trade liberalism but it directly counters the doctrine of economic rationalism and the views of countries committed to socialism and state intervention in the economy.

Though the first foreign production subsidiary in the world is traced to the Belgian firm, Cokrill in Prusia but multinational phenomenon in Africa started with the activities of the old colonial mercantile houses such as the Royal Niger Company, united African company (UAC), Chandaria, in Kenya, liver brothers and others (Onimode, 1988: 47). He also adds that World War II marked the watershed of a bilateral imperialism and the transition from bilateral imperialism to multilateral imperialism, therefore, the weakness of European imperialist powers during World War II led to the collapse of direct colonialism which ultimately forced Britain, France, Germany and other imperialist countries to change their strategy of domination (Onimode, 1988; 45). He also argues that European imperialist power in their weakened post war position had their own motive in the emergence of multi-lateral imperialism. Among other things, the needed to retain their interests and to contain the anti-imperialist nationalism in their colonies. This requires the unity of all nationalist powers under its domination and a change in strategy of colonial exploitation. The point explained above demonstrates how multinationals first existed in Africa under bilateralism in the form of (U.A.C), Royal Niger Company (R.N.C), Chandaria in Kenya and others but intensified after World War II during which African witnessed the arrival of many of them which operated in different capacities.

MOTIVES FOR FOREIGN INVESTMENTS IN AFRICA

Various arguments have been advanced by different writers explaining the reasons for foreign investments in Africa which are discussed below.

First, many multinational embark on foreign investments consequent upon the fallen profit from shrinking home markets. This makes them search for profitable investment outlets for surplus capital and protected foreign markets which have moved many multinationals into foreign investments.

Second, it is also influenced by competitive pressures in particular industries and incentive created by home government policies. Third, one school of thought known as the product life circle theory suggests that firms that gain a monopoly position as a result o f a successful innovation will move abroad in search of new markets or lower costs as means of preserving higher than normal profits after imitation has begun to erode their initial advantage over rivals at home (Thomas, Lairson D. and David s, 1993:307).

Fourth, control over resources like crude oil, copper, rubber etc has remained a major motive for multinational activity. Many Southern American countries by their climate and geography are well suited to the production of cash crops desired in the North. These crops are sugar, coffee, tobacco, cocoa or tropical fruits. Therefore, northern agricultural business firms invest in the production, processing and packaging of agricultural commodities in the South (Thomas L.D. and David S. 19993 307).

Fifth, the exploitation of cheap labour in low wage countries is also an important reason for foreign investments. This has played a most considerable role in foreign investments in Africa.

Sixth, they invest in Africa in order to escape stringent environmental regulations or taxes in their home countries. Since African countries are in need of foreign investments, they have regulated policies and molded tax to attract foreign investors.

Seventh, an advantage sought for by multinationals include risk minimization through geographical spread, checking competitors globally or at home which makes Alcan and Alcoa control over 50% of world production of bauxite-aluminum at all levels and price leaders in the industry (Onimode, 1988.48). He also argues that this will lead to the exploitation of monopoly advantage of a new product as marked leaders and reaping economies of scale.

Throughout the world, UN estimates show that in 1971, the total value added of all MNCs was 8500 billion or 20% of the GNP of all the none socialist countries. The worldwide investment stock of these multinationals rose from $104 billion in 1967 to $65 billion in 1982. The annual sales of some of the multi-national juggernauts like Exxon, Shell BP, ITT and so on were also more than $26 billion from over 200 subsidiaries in more than 100 countries. For the underdeveloped countries alone, the annual flow of direct investments to them rose from $1.8 billion in 1960 to $13.5 billion in 1979. The U.S investment total stock in these countries also increased from $5.7 billion in 1950 to $52.7 billion in 1980 while for the past two decades, US MNCs have accounted for over 50% of the total flow of FDI to the poor countries (Onimode, 1988.48).

FDI as a percentage of total capital exports to the UDCs by OECD countries was 21% in 1960/61 and 23.5% in 1970/71. But the significance of this direct investment exceeds its quantitative magnitude as it grows over time and corresponds to permanent productive structure with penetration and control in the host countries and is aimed at the maximization of global accumulation.

The source or origin of Foreign Direct Investment (FDI) to Africa and the rest of the Third World shows a high degree of concentration. Thus, eight countries such as U.S.A, West Germany, Britain, France, Italy, Japan, Canada and the Netherlands account for over 90% of the total flow of FDI to the poor countries. In 1997, the US share of the total flow was 59%. Inspite of the dissolution of bilateral colonial links, most of the multinational stock in each African country is still held by the erstwhile colonial predators. Therefore, Britain, France, the Netherlands and the US dominate most of the multinational capital in the continent. See the table below for clarity.

Figure 1
Total FDI by country of origin, 1967, 1971, 1976 ($ billion and %)

Country of Origin	1974 to 1979%	1967 Amount	%	1971 Amount	%	1976 Amount	%
U.S.A	29.3	56.6	53.8	82.8	52.3	137.2	47.6
Britain	9.2	17.5	16.6	23.7	15.0	32.1	11.2

West Germany	17.0	3.0	2.8	7.3	4.6	19.9	6.9
Japan	13.0	1.5	1.4	4.4	2.8	19.4	6.7
Switzerland	-	5.0	4.8	9.5	6.0	18.6	6.5
France	7.8	6.0	5.7	7.3	4.6	11.9	4.1
Canada	6.2	3.7	3.5	6.5	4.1	11.1	3.9
Netherlands	9.6	2.2	2.1	4.0	2.5	9.8	3.4
Sweden	3.7	1.7	1.6	2.4	1.5	5.0	1.7
Belgium							
Luxembourg	2.5	2.0	1.9	2.4	1.5	3.6	1.2
Ital	2.0	2.1	2.0	3.0	1.9	2.9	1.0
Sub-total	-	101.3	96.2	153.3	96.8	271.5	94.2
All other							
(Estimate)	-	4.0	3.8	5.1	3.2	16.8	5.8
Grand total	-	105.3	100.0	158.4	100.0	288.31	100.0

Source: Onimode (1998.49)

Features of MNCs

For proper understanding of the effects of an African economy, their features are worthy of consideration.

First, a multinational corporation tends to be an oligopolistic corporation in which ownership, management, production and sales activities extend over several national jurisdictions. It comprises a head office in one country with a cluster of subsidiaries in other countries.

Second, the principal motive of multinational is to secure the least costly production of goods for World markets. This may be achieved through acquiring the most efficient locations for production facilities or obtaining taxation concessions from host governments.

Third, they have a pool of managerial talent, financial assets and technical resources and run their gigantic corporations with a coordinated strategy.

Fourth, they attempt to expand and perpetuate their markets position through vertical integration and centralization of corporate decision-making IBM, Exxon, General motors, Mitsui, Toyota, Fiat and Nestle are typical examples.

Finally, it is difficult to control multinational corporations. This has been so because of the influence of their home governments which support them to remove host government that attempts at such from power. Many host countries have found it difficult also to control them because of their capital and advanced technology. These have made them operate at will in their host countries. An example here is Shell B.P.

RELATIONSHIP OF MNCs WITH THEIR HOME GOVERNMENTS

It is therefore of crucial importance to consider their relationship with their home governments for proper understanding of most of their operations in Africa.

First, in the case of America, there exists a complementarity of interest between American MNCs and the United states. (Robert Gilpin, 1987.15). They believe generally that the expansion of American corporations serves important national interests of US. Us policies encourage corporate expansion abroad and they tend to protect them,

Second, those in oil sector are used by their home governments to guarantee security of supply and preference for themselves in time of shortages. This is the argument of Kranser (1978.10). this control is exercised to moderate price control during critical periods such as the Korean and Vietnann wars and was also used as a source of political weapon during the Suez crisis of 1956 when America threatened to cut off Petroleum to France and Britain which was a major factor forcing them to withdraw from their invasion.

Third, they serve the interest of their home countries balance of payment. MNCs have been recognized as major earners of foreign exchange because the earnings of MNCs are repatriated and these constitute a substantial portion of America’s overall balance of payments position.

Fourth, they are used by their home governments to spread to other countries their ideology. In the case of America, they are used to spread their free enterprise system or market system ideology. In the hey-day of the former socialist Russia, America used her MNCs to strengthen foreign economies thereby containing socialism, this was demonstrated through the export of American technology, capital and managerial Know-how which are alternatives to the socialist models.

Finally, most home governments used them to increase their economic ties with other countries and strengthen political friendship. This was done by West Germany to the former Soviet Union to the displeasure of Reagan.

MULTINATIONALS AS AGENT OF IMPERIALISM

The end of World War II was followed by the demise of bilateral imperialism. It can therefore be argued that World War II marked the watershed of bilateral imperialism. This therefore occasioned the transition to multilateral imperialism. This transition was dictated by some basic factors in imperialism’s adjustment to its structural crises.

One of such factors was the weakness of the European imperialist powers during World War II which led to the collapse of direct colonization and therefore forced Britain, France, Germany and other imperialist countries to change their strategy of domination. Another factor was the US imperialist motive after emerging from World War II as the strongest capitalist country. To buttress this point, while Britain sold over $6 billion in oversea investments used up $0.8 billion in gold reserves and incurred private capital losses of over $8 billion. Its GNP rose by 100% during 1939/44, gold reserves increased from $4 billion in 1932 to $20 billion in 1958 and World capital exports rose from 35.3% in 1930 to 59.1% in 1960 (ominode, 1988, 45-46). This US hegemony nurtured expansionist ambition as reflected in the paradox of an isolationist state with an aggressive foreign policy. Therefore, US as the strongest post war European economic power with surplus goods and capital propelled the launching of the Marshall Plan and transition to multilateral imperialism. This was accepted by the weakened European powers because they needed to retain their interest and contain the anti-imperialist nationalism in their colonies. This requires the unity of al imperialist powers under the US domination and a change in the strategy of colonial exploitation.

Following the declaration of the Atlantic charter which condemned bilateral imperialism and respected the rights of all peoples to their freedom both military and economic aids were launched to contain communism, to capture the comprador bourgeoisies of the poor countries, contain post-colonial nationalism and prevent the consolidation of national independence.

Under the US leadership, imperialist powers established multilateral institutions such as International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), International Development Association (IDA), International Monetary Fund (IMF) and the General Agreement on Trade and Tariffs (GATT) within the framework of international monetary system styled the Bretton Wood System Launched in 1945. While the World Bank looked after imperialist investment, GATT policed free trade and the IMF imposed currency convertibility. The second strategy was the elaboration of a new international division of labour centered on the new corporate structure of the MNC. This was the strategy of global accumulation of capital anchored to the internationalization of capital and production across the non-socialist world. This was done to replace direct colonialism with indirect economic mechanisms of domination and exploitation.

Under the indirect colonialism and exploitation, Due to the diversity of resources of MNCs, enormous resources and rapid growth became the core of the new multilateral imperialist strategies. The motive of corporations was to exploit all existing resources including human resources. Hence, they demanded for the abolition of custom barriers (through GATT) and investments (through IMF) and World Bank for their internationalization of accumulation.
To actualize multilateral imperialism, multinationals performed these critical roles.
First, they blurred visibility of imperialist strategy of domination by shifting it to the ostensibly objective economic plane. This facilitated imperialism's quiet penetration of the host countries and enabled MNCs to advance the foreign objectives of their home countries.
Second, to encourage the new international division of labour through the internationalization of capital and products. While serving to offset a tendency to the fallen rate of profit and advancing the global accumulation of capital, this strategy accentuated the centre periphery dichotomy and third World dependency on industrialized home countries of the MNCs.
Third, this system is functional for World Imperialism because it ensures that MNCs do not only become the dominant purveyors of monopoly capital and technology but the critical actors in the dialectics of development in the centre (the imperialist countries) and underdevelopment in the peri-phery (Onimode, 1988.4).

DECAPITALISATION AND DISPLACEMENT OF LOCAL ENTERPRENEURS BY MNCs

A most serious economic consequence of multinational corporations on African economies is the decapitalization of the region which further leads to the displacement of local entrepreneurs Displacement of domestic capital (both private and state) in addition to the outright transfer of capital from Africa to the industrialized capitalist countries constitutes decapitalization. Displacement of local entrepreneurs constitutes the ways in which MNCs generate and sustain the underdevelopment of Africa. Decapitalization and displacement of local entrepreneurs,
Historically, the displacement of local entrepreneurs began in the colonial era this was characterized by import of previously locally produced commodities such as textiles, soap, metal implements, ornaments etc simply displaced the local markets for such products (Onimode, 1998:57). The additional exports as primary products of raw materials like tin, cotton, vegetable-oil, rubber etc previously used for local production of such displaced products, forced their traditional producers and craftsmen into redundancy. Therefore, the deliberate prohibition of local manufacturing for many years under colonialism for effective colonial monopoly of local resources and markets contributed not only to a deterioration of the situation but the creation of a situation that the MNCs have been exacerbating. Therefore, the deliberate ruinous competition between the MNCs and their weak host countries leads to the displacement of local enterprises. Such techniques used include the outright exclusion of Africans from certain activities through the imposition of entry barriers (via large capital requirement as in banking) or stiff regulatory conditions beyond the scope of African resources as the Royal Niger Company did which led to the famous Akassa Raid of 1985. In colonial Nigeria, shipping and banking witnessed the exclusion of Africans. In the colonial era techniques employed to displace local talents included artificial lowering of prices to such ruinous levels that local competitors are forced out before higher exploitative prices are charged to recover the MNCs earlier losses, the MNCs' monopoly of patents and trademarks; imperialist banks discriminatory credit policy against local entrepreneurs, political pressure etc are some of the techniques used. This explains why in the challenging sectors of African economies, MNCs dominate at the expense of local entrepreneurs. The local entrepreneurs remain concentrated in marginal, mainly comprador and speculative activities.

To further perpetuate decapitalization, these borrow from already scarce supply of local capital instead of bringing in new investment funds into the continent. Because of their size and resources, they receive preferential treatment from local banks when borrowing money compared with local firms (Thomas D, L and David S. 1993. 310). Though Jhingan M.L. (2000) has argued that MNCs bring in capital to African countries, but this cannot be accepted in totality because the surplus realized is repatriated to their home country but not reinvested in African economies.

TECHNOLOGY TRANSFER AND MNCs

Multinationals' transfer of technology to Africa has seriously effected technological lag in African continent. This is understood with reference to the different concepts of technology such as production technology, material technology and product technology. These three are usually emphasized in the context of development. Production technology relates to the method and stages of production. Production technology embraces product innovation, adaptation and differentiation while material technology involves the production of intermediate inputs and the use of different raw materials with the same method of production. In Africa, these aspects of technology including Research and Development (R and D) are dominated by MNCs and this domination constitutes the main source of technological backwardness of Africa. This also constitutes MNCs technological pillage of Africa through the extraction of monopoly technological rents on patents, trademarks, engineering and other charges.

Therefore, this technological domination, exploitation and retardation of Africa will be examined here with reference to the location and expenditure on R and D, ownership, registration and a number of industrial or technological property right such as potents and trademarks registered in African and African expenditure on imports of technology under the illusion called technology transfer.

Research and development are the most important sources of technology in the modern world. It has been noted the MNCs concentrate about 98% of their R and D in their home countries is concentrated in parent headquarters in the metropolitan countries. This means that MNCs' expenditure on R and D in poor countries is insignificant. To shore up this claim, a 1972/73 survey in Nigeria, for instance found that total R and D expenditure by local and foreign firms was barely N22.3 million or 0.31% of the GNP with only 24.423 scientific personnel engaged in all forms of scientific research, (all of which are not R and D). Nearly all these research personnel were in universities and government establishments. The Nigerian council for science and Technology survey of 1971 also indicated that of 309 establishments sampled, only 40 reported any form of annual expenditure on R & D. in Kenya, Kapkinsky which Onimode has used to explain this point has reported that in 1978, out of the seven British multinational subsidiaries sampled, only two engaged in experimental development. None engaged in basic research while the small experimental development conducted was tied to quality control. For the US in 1996. It was reported that of the 52% multinational share of R and D expenditure, only 6% occurred abroad mainly in Canada, Britain and Europe.

On the other hand, most of the technologies MNCs import into Africa are inappropriate for the resource endowment and other local conditions of these countries. The relative abundance of capital in MNCs home countries dictate the need for capital intensive technology but the relative abundance of labour in the poor countries calls for labour intensive technology. There arises contradiction and confusion because the foreign business juggernauts or giants in Africa are capital intensive ad bring in capital intensive technology into African economy characterized by abundant labour which needs labour intensive technology. Consequently, the technology imported by MNCs becomes inappropriate.

A survey of cement industry in East Africa yielded the following high capital labour ratios. Waso Hill plant (Dar-es-Salaam, Tazania): 1.6 units of capital to 1 unit of labour; Tororo plant (Uganda): 1.15; Bamburi plant (Mombasa, Kenya): 0.87; Athi River Plant (Nairobi Kenya): 0.71 (oldest plant).

In the monopoly of technology, an UNCTAD Secretariat study has shown that of the estimated 3.5 million patents existing in 1972, only 6% (200,000) were granted the underdeveloped countries and that more than 83% were owned by foreigners. (D.S. Thomas, 1993:11) has also estimated that only 5% of the modern technology employed in Africa is under indigenous control with the remainder held by foreigners.

Onimode (1988.59) quoting Kapklinsly reports that of the seven British multinationals he sampled in Kenya, property rights over technology generated in the Kenya subsidiary and responsibility for registration of patents and brand names in Kenya, both belonged to the parent MNC abroad. In Ethopia, it was estimated that of 29 patents registered in the country, at least 26 were foreign-owned while 97% of a sample of 760 trademarks also belonged to expatriates

The above imperialist domination over technology and the monopoly restriction of its use through the industrial property system have imposed huge technological cost on Africa for transfer of technology. A survey of Nigerian energy sector also reveals that during 1970/78, the country paid a total of N1,197 million for 600 contracts for the import of technology, especially to the oil sector. In Ethiopia, where technology import was mainly under the rubric of technical assistance, the country paid 421 million Ethiopian dollars between 1964 and 1969.

In these different ways, MNCs have inhibited and distorted the development of technology in Africa by separating the production of technology from its use and restricted to import, adaptation and use through the industrial property system, technological lock-in (where machines parts and materials are packaged together) at extortionate technological charges.

By the restriction of African employment in imperialist enterprises through conflicts over Africanisation and multinational insistence on expatriate quota, MNCs have also monopolized the operation of the marginalized into minor technical jobs such as welding, riveting etc. Therefore, MNCs have made technology in Africa, an ideological weapon of domination and underdevelopment.

MNCS AND UNEMPLOYMENT

Unemployment is generated in the host countries because MNCs like capitalists generally have vested interest in the creation of cheap, docile and exploitable labour force. This industrial reserve army of the employed is functional for capitalism because it is used to depress the wages of the employed part of the labour force for imposing unacceptable working condition on workers and generally ensuring a compliant labour force by holding its aspirations in check. To demonstrate that MNCs exploit their worker by paying low wages, they pay their African workers 20% of what they pay workers in their parent companies and only 36% of the hourly rate of their subsidiaries in all other countries. The table below shows that MNCs exploit labour and pay low wages.

Figures II

Hourly wages of multinational corporations

Region	Average	Hourly compensation
	$	**%**
US parent MNC	8.76	100
Developed countries' affiliates	6.34	72
Foreign affiliates, all countries	4.92	56

Developing countries	1.74	20% of US rate
Indian affiliates	1.27	About 15% of US rate
Sub-Saharan African affiliates	1.16	13.3% of US rate
Philipines' affiliates	0.57	About 6.7% of US rate

Source: Onimode (1988.49)

The four ways in which MNCs create unemployment in Africa are;

(a) The proletarianization of the African peasantry by the colonial state through forced labour.

(b) Oppressive taxes and land alienation, in appropriate capital-intensive-technology,

(c) The export of investible surplus which would have been used for expanding job opportunities in the host countries.

(d) The import of labour into Africa through the expatriate quota. For instance, in East Africa, while a capital intensive cement plant at Waso, Tanzania with a capacity of 350,000 tones annually employed fewer than 600 workers in 1974, a labour intensive plant at Tororo, Uganda with a capacity of less than 200, 000 tones per annum employed over 1,000 workers in 1972.

MNCS AND STRUCTURAL DISTORTIONS

Structural distortions occasioned by MNCs in Africa can be explained in relation to sectorial and regional imbalance, income wealth and other structural inequalities and a warped industrialization programme. In their pursuit of quick and high profits, they have concentrated their investments in such lucrative sectors such as commerce, mining, finance, export agriculture, and recently manufacturing, and construction to the neglect of other vital sectors of the economy especially agriculture for domestic needs in food and raw materials. This has caused structural anemia, mostly manifested in the stagnation of agriculture, the collapse of the rural economy and food crises all over Africa. The basic source of this distortion which started with colonialism has been the imposition of basic contradiction between resource and needs whereby the MNCs exploit African resources to produce for the needs of imperialism and force Africans to rely on the imperialist countries for her basic needs.

The persistent imbalance and distortion between different sectors of the economy is the major cause of the crisis since the expansion of other sectors of the economy outstrips domestic food supply capacity for the employed labour force while the agricultural sector cannot meet the raw material requirement of the industries.

Still associated with structural distortion is structural inequality which relates to spatial, class and personal inequalities in the distribution of resources and benefits of political freedom which has led to growth and not development. Since MNCs are allowed a free hand in locational policy, they concentrate their investments, jobs, wealth and income opportunities along the coastlines and Southern part of their host countries, in Urban centers and among the parasitic elite. Most enterprises and other facilities are concentrated in the towns. For example, in Nigeria, Lagos alone accounts for over 30% of Nigeria's industrial, commercial and financial capacity since 1960 (Onimode, 1988.62).

In the area of income distribution, in Kenya, it was reported that in 1972/74, 63% of households received only 18% of total national income, while the top 12% of households got 59% and the top 3% got 29% of total income. In Nigeria, in 1972/7, the poorest 60% got 28% off the total national income and the richest 5% got 41.0%. In Liberia during the same period, 73.9% of the poor got 24.6% of the total national income while 3.9% of the rich got 60.4%. in Sierra Leone, the bottom 51.6% of the population got 13.6% of the total national income while the top 1.8% got 15.2% and in Ghana, 52% of the population got 35.4% of the total national income and the top 6.1% got 12.9%

MNCs AND AFRICAN INDUSTRIALISATION

Multinationals have been seen to have distorted African industrialization. MNCs have distorted African import-substitution industrialization by misallocation from the basic needs of the masses in favour of imported consumption tastes of the elite minority, the neglect of capital goods manufacturing and over concentration of frivolous semi-luxury consumer manufactures in the "textile first strategy of industrialization, the high import content of multinational manufacturing which intensifies neocolonial dependence, transfer of inappropriate technology and high urban localization of manufacturing enterprises. Under these conditions, the industrial orientation towards the imported consumption technology is buttressed by the bourgeois tastes nurtured by gross inequalities in the distribution of income. Therefore, MNCs refuse to invest in the manufacturing of capital goods in the poor countries to ensure poor countries prostrate dependence on imperialism for capital goods and modern technology.

MNCs also encourage in heavy dependence on the import of raw materials, intermediate inputs, spare parts, technology, skilled labour etc. in their Third World manufacturing. This explains why MNCs litter the poor countries with all types of imported foreign gadgets, mainly for the final-stage assembly of completely knocked down (CKD) parts.

Despite these glaring defects, some scholars like Bill Warren who I call "misguided foreign commentators" see capitalist industrialization as a viable strategy for the poor countries. They use internationalization of capital under MNCs to support their argument. The suggestion of foreign take over by such scholars is not acceptable. They also use the success story of the (NICs) in Newly Industrialized Countries like Brazil, Japan, Mexico, Taiwan Philippine, Argentina, and Singapore which is misleading. This is because many of the NICs are multinational havens and imperialist show pieces and the stock of capital in their enterprises is foreign owned and many of them especially Brazil, Mexico, Argentina and Latin America have been submerged in debt peonage to imperialism. The question asked in this case is how many years have these countries (NICs) taken to emerge through capitalist industrialization? What is always offered is about a century but can this long gestation period offer anything promising for the traumatic and deepening crisis and the urgent industrial requirement for the poor countries? Consequently, MNCs have encouraged an indolent and permissive culture of consumerism.

MNCs AND POLITICAL INSTABILITY

MNCs, in Africa have played and still playing a lot inconsiderable roles in destabilizing politics in the region. This explains why they have been described as "profit hyenas" and "Trojan-horses". Their nefarious political roles destabilize naturalistic and progressive regimes and consolidate and support pro-imperialist, repressive and corrupt governments. They appeal to their home governments to mount pressure on the host governments in time of dispute (Robert Gilpin, 1987.311). To clarify this point, Robert states that America took part in the overthrow of government in Iran in 1953, Guatemala in 1954, and Chile in 1973, after the assets of Firms from the United States and other Northern countries were nationalized. Though, other factors played important role, but the desire of US to defend her assets played a most prominent role.

In 1962, in US, the Hickenloopers Amendment passed by the congress required that aid be denied countries that nationalized the assets of US corporations

Gilpin Rober (1987.311) has been supported by Onimode (1988.63-64). According to him (Onimode, 1998:63-64), MNCs were responsible for the Katanga secession and the murder of

Patrice Lumumba in the former Congo (now Zaire) involving the MNC, union Minie're, the murderous Idi Amin regime in Uganda which was enthroned by British imperialism against Obote's socialist leaning towards Tanzania and the role of oil MNCs both in the Nigerian Civil War, the over throw of Yakubu Gowon and the coup of 1976 in which General Murtala Mohammed who had wanted to change the international exchange system with the contract trade was assassinated. MNCs are also responsible for the repressive stability of some rotten regimes in Africa especially the pre-doe Liberia which was under the domination of the Fire Stone Company. This "bribe-block and break" politics of MNCs makes them penetrate the state apparatus in their host countries in order to secure cheap mineral and other resource concessions, fraudulent contracts and commissions, over generous fiscal incentives, soft tax law, easy profit repatriation, repressed cheap labour and other material advantages.

CLASS COLLABORATION WITH MNCS AND THE NEOCOLONIAL STATE.

In Africa, there exists a symbolic collusion between the MNCs and the African pseudo bourgeoisies. This symbiotic collusion is derived from two main sources.

First, there was the historical formation of the native dominant class intensified under Lord Lagard's dual mandate derived from traditional rulers and colonialists who were socialized unto the capitalist values and attitudes in imperialist schools locally and abroad. As leaders of the anti-colonial struggle, they compromised their nationalism to be mere political freedom and have since then been sharing economic powers with the imperialist powers.

Second, the colonialists handed over power to the most reactionary bureaucratic bourgeoisies and trusted factions of the indigenous elite groomed by the colonialists. This compromised flag-independence constitutes the basis of communadist type of politics which involves accommodation with imperialism and its multinationals in post-colonial African States.

The MNCs and domestic bureaucratic bourgeoisies share common material advantages and socio-political interest in this class collusion. The domestic bureaucratic bourgeois class acts as intermediaries between MNCs and their local people and gain political office and its perquisites such as commissions, fraudulent contracts, lucrative jobs, foreign bank accounts. Shareholding and executive positions in MNCs. In 1982, Africa reported that mobute sese seko of Zaire was one of the richest men in the World with foreign assets estimated at $5.5 billion while Zaire's external debts was $4.5 billion. This explains why MNCs encourage corruption and negotiations in poor countries between MNCs and neocolonial states are always in favour of MNCs and why MNCs continue their super exploitation of labour and other resources of the poor countries with total impunity.

MNCS AND ENVIRONMENT

Here examples will be drawn from Ogoni Communities and few cases from other African Communities. Multinationals wage real ecological war against their host communities. This is a war in which guns are not used, bones are not broken and blood not spilled, but men, women and children die in great number. For example oil exploration in Ogoniland has adversely affected the fertility of the land. The creeks, streams and rivers are totally and continually polluted as the atmosphere is poisoned and charged with hydro-carbon vapour, methane, carbon-monoxide, carbon dioxide emitted by gas which has been flared 24 hours per day since 1958 that Shell started operation in Ogoni area. The area experiences acid rain (Amanyie, 2001.11) these cause environmental pollution. The same source records that the area has over 100 oil wells, 8 oil fields and four flow stations flaring gas 24 hours per day. Mangrove forests are destroyed by toxic oil waste. All these destroy rainforests. Wildlife and Marine life are being destroyed.

In compensating the people during their exploration activities for property destroyed, Shell will pay two naira (N2.00) only per stand of economic trees like raffia palm, oil palm, cassava, yam etc. this is necked cruelty, wickedness and brutal exploitation.

Oil spillage has wasted some farm land in the area. Oil spillage occurred in Yorla in Ogoni in 1993 and polluted the only available stream water used by the people (Amanyie, 2001:12). This proceeded to other towns like Buan, Gwara, Baen, Duburo, Luubaara and Luuwa. This caused great environmental pollution and degradation. Another occurred on the 25th October, 1993 at Korokoro Tai in Tai Local Government Area and caused similar environmental problem and eventually led to the death of one Mr. Ue-Bari Nnaa from the community. To worsen the situation, Shell has refused to carry out an Environmental impact Assessment study or social impact Assessment study of the area.

Moreso, high pressure pipelines criss-cross Ogoni villages and farmland which are dangerous. Children in most cases break their legs in such communities. The pipelines are not buried. This is true in communities like Korokoro-Tai, Botem-Tai, and K.Dere. Mr. Nicholas, Jones A. (a British agronomist and environmentalist who spent four months in Ogoni) reported that the pipelines are old and badly maintained by Shell and these were responsible for three leakages which he observed at Botem-Tai in 1994 (Amanyie, 2001: 20). (Amanyie 2001:26) has quoted exactly what Nicholas, Jones A. said in series of meetings held with Shell in Britain and Nigeria and I quote;

> *I gain the impression that the company is unwilling to face the problems its presence has created….*

In the words of Thomas, D.L. and David, S. (1993.311), MNCs export pollution from North to South because of stringent environmental laws in the North. According to the same source, in llo-peru, for instance, Local villagers suffer from serious respiratory and other health problems stemming from air and water pollution produced by a nearby copper Smelter plant owned by three large American corporations. The plant emits up to two thousand tons of Sulphur dioxide into the air each day and streams of toxic waste which make their way into the local water supply of the people.

MNCs AS AGENTS OF SOCIAL DISORDER AND DEATH

Here, examples will be drawn from Ogoni and Choba communities. In April, 1993, in Ogoni when the defenseless citizens protested peacefully about the seizure of their land, well- armed Nigerian soldiers were hired by Shell BP and Chevron to stop the protest and in the process, a woman named Mrs. Karalole Kagbara from Biara Gokana L.G.A was shot in the left hand and at last the woman's left hand was amputated, ten others were seriously wounded and a middle-aged man was killed instantly (Amanyie, 2001.14).

On October 25th, 1993, when there was an oil spillage in Korokoro-Tai, Shell sent armed Nigerian soldiers who opened fire or shot on an open street wounding two men and killing an eighteen year old youth named Ue-Bari Nnaa. With these two instances MNCs caused social disorder as the defenseless citizens hid themselves in the bush until the operations were over.

Shell and Chevron again were reported to have participated in the Andoni-Ogoni crisis of 1993 in favour of Andoni. Shell and Chevron therefore contributed in a way to the death of thousand citizens which the two communities lost during the said crisis. (Amanyie, 2001.108).

Ogonor, Mac C.U (1996.7) records that Choba community had the first recorded dispute with Wilbros Nigeria Ltd in 1981 which ended with some indigenes of Choba community dead and twenty-four other arrested and later released.

In 1984, the indigenes of the said community organized themselves and peacefully approached the company with a list of demands. In response, law enforcement agents were promptly deployed on the demand of Wilbros to pacify the community. In the process of community pacification, two indigenes were reported killed while thirty-six others were arrested and later released.

Again, on the 9th September, 1999, the youths of the community blocked the gate of Wilbros for its failure to implement their demands. This caused social disorder as the youths of the community destroyed the company's property worth over two hundred million naira and the once booming University community of Choba was completely deserted. This occurred due to frustration on the part of Choba community and failure on the part of Wilbros to fulfill agreement reached.

In analyzing this situation, the Frustration-Aggression hypothesis is used. Here, it should be understood that aggression is always the consequence of frustration and that the occurrence of aggressive behaviour always presupposes the existence of frustration. Therefore, in the Choba-Wilbross and Ogoni – Shell crises, I can say that whenever a barrier is interposed between persons and their desired goals, an extra amount of aggressive energy is mobilized. Such energy mobilization if continued and unsuccessful tends to flow over into generalized destructive behaviour as seen between Wilbros and Choba community and Ogoni and Shell.

MNCs AND FLYWHEEL OF GROWTH

Here, the capitalists have argued that relying on MNCs for industrialization is a viable strategy as shown by the experience of Newly Industrialized countries (NICS) of Latin America, South-East Asia, Israel and South America. MNCs activities in Kenya, Ivory Coast and Nigeria can be cited as examples of the alleged success story of MNCs industrialization. Therefore, if MNCs can achieve these results, MNCs can be said to be effective and reliable agents for the industrialization and development of Africa. Yet, this apparently seductive case is untenable for several reasons.

First, Africa's basic need is development but not growth, so even if MNCs have been growth catalyst, they have not generated development. This is because in addition to increased income, development requires the general and comprehensive structural transformation of the entire economy.

Furthermore, a country's resource is a factor in its development. This is why MNCs have crowded into the potentially rich countries which would have recorded a success story or a better success story without the imperialism and MNCs as agents. Most African countries do not fit the model of MNCs' success because they lack r ich resources, large internal markets and so on which would have made them attractive for multinational transformation.

As for the NICs, most of them achieved political independence in the 1830s and it has taken them about one-and-a half centuries to attain their present level of industrialization and development and it is hardly a feasible time-table for a continent threatened with mass hunger and deterioration.

From the activities of MNCs, their industrialization is characterized by massive export of national economic surplus, prostrate dependency, structural distortions and gross inequalities in the distribution of income, wealth and other benefits of development, it is undesirable.

It can therefore be stressed that by incorporating their client state into the global capitalist system. MNCs industrialization has a built-in-commitment to crisis because of its external dependence. Nigeria, since 1981 is a good example along with the rest of Africa and the Third World in the crisis of the 1980s.

Lack of adequate foreign exchange to import raw materials, spare parts and capital goods has led to massive factory closures, unemployment and other dislocations, due to heavy import dependence of multinational industries.

Recommendations

Solutions to the Problems Caused by MNCs Seen Above

In the face of the above highlighted problems envisaged by Africans as a result of MNCs' activities, the following workable directions are offered for the emancipation of African economy from gloom to glorification.
First, these perverse MNCs' activities should be phased out as soon as possible. This can be achieved through socialization which is nationalization and installing workers' control of the nationalized enterprises.
Second, domestic resource-based need of the national majority should then guide the collective self-reliant development of African countries.
Third, on environmental degradation and pollutions (ecological war), government should make stringent environmental laws and make MNCs carry out environmental impact assessment study of their host areas in order to know the problems their presence has caused and how to remedy them.
Fourth, government should over tax these multinational corporations and revenue derived should be used to develop the host communities in order to avoid social disorder and death as seen in Choba and Ogoni communities.
Fifth, government should make MNCs reinvest the surplus derived from operations in the African economy in order to generate more capital and employment.
Sixth, MNCs should not import foreign expatriates into Africa. African labour should be used in foreign firm as this will reduce unemployment and encourage our men to acquire new technology. Africans should also be employed in jobs that require serious technical knowledge and skill.
Seventh, indigenous technology should be developed, honoured and utilized than relying on inappropriate foreign technology. Consequently, the economic conditions of the host countries should therefore determine the technology imported and not to be dictated by the economic condition of the home countries of MNCs.
Eighth, low productive capacity on the part of Africa can be broken effectively by the initiation of capital good manufacturing that can alone build a self-reliant expanding compound growth and development factor into the economy. African tastes should also be restructured to correspond to the basic need of the mass majority and African resources should be liberated from MNCs control for indigenous development of African technology.
Security agents like the police should have a new orientation that defenceless citizens should not be fired at the command of MNCs in order to reduce social disorder and untimely death as seen in Ogoni and Choba communities.

CONCLUSION

The effects of multinational corporations on African economies are both boon and bane.

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