THE HEGELIAN DIALECTIC OF
MULTINATIONAL CORPORATIONS AND
LESS DEVELOPED COUNTRIES

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In this paper I propose to deal with the relationship between Multinational Corporations (henceforward MNC) and Less Developed Countries (henceforward LDC) from the philosophical point of view. Specifically, I intended to portray this relationship in the framework of G.W.F. Hegel's master-slave dialectic as presented in his work *The Phenomenology of Mind*.¹ This particular Hegelian doctrine when so applied, spotlights the passage from the adversary situation between MNC and LDC, due to their diametrically opposed interests, to the dominant position of the MNC and the dependent status of the LDC, twin consequences of a life-and-death struggle between these two antagonists. I submit that such a depiction serves to illumine the interaction that goes on continually between these two entities.

Philosophers deal with the most universal and fundamental aspects of reality. Hegel's *The Phenomenology of Mind* describes the temporal self-evolution of Mind or Spirit, the ultimate reality for him, from simple existence to the fullest realization of existence-as-such. The master-slave dialectic depicts that point in history, when man encounters another self-conscious being just like himself and both react to each other with the intention of defining their mutual relationship. Hegel's genius shows itself in the selection of the master-slave interaction, a historical phenomenon of the Roman Empire, and in converting it to serve as the pattern of every inter-

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subjective adversary relationship in human society. Many subsequent thinkers have accepted Hegel's insights in this particular teaching as embodying the precise mode of all social and political conflicts, whose result is a dominance-dependence situation between two parties. Foremost of these thinkers is Karl Marx, who uses this master-slave episode in developing his own economic doctrines.  

In my attempt to apply this Hegelian doctrine to the MNC-LDC encounter, I shall be using metaphorical language; in particular, personification. My main objective is to show that the set of insights contained in this Hegelian excerpt are, by and large, not only theoretically correct but are of great use in the formulation of evaluative judgments about human behavior in this particular process. The ground for this proposition is the fact that the standpoint of a philosopher is higher than that of a specialist in some specific human science or even than that of one approaching the problem from an interdisciplinary point of view but still on the scientific level. From his vantage, the philosopher is enabled to obtain a more comprehensive and a more radical grasp of that web of relationships constituting the proper context, in which any set of facts or any group of events has to be examined in order to arrive at a clear and distinct conception of it.

I shall discuss the following topics, to which I shall adapt Hegelian themes couched in Hegelian terms used not in their literality but in paraphrase.

1. The Antagonists,
2. The Life-and-Death Struggle and its Issue,
3. The MNC Dominance and its Paradoxical Character, and
4. The LDC Dependence and its Mediation through Work.

I – THE ANTAGONISTS

A – THE LDC

The first protagonist in the arena is the LDC, whose ruling body makes decisions for the weal and woe of the population at large. Under the label "LDC," come the developing countries of the Second World, whose most appropriate representatives are the Latin American nations, and the underdeveloped countries of Asia and Africa. These two Worlds compose the South and their common denominator is the poverty and misery of the majority of their nationals. This is in sharp contrast to the affluence enjoyed by the peoples of the North brought about by the First World's full development through industrialization.
Each LDC struggles mightily through economic development to raise its population’s standard of living, which is the basis of a nation’s social and political well-being. The South is convinced that industrialization, in imitation of the North, is the key to economic growth. This conviction holds that no poor nation all by itself can alleviate the sufferings of its people within a reasonably short period of time. This is because it has no advanced technology to process its extractive raw materials, not enough technical and managerial skills on the part of its workers for such operations and not sufficient funds of its own to buy modern tools and to train its unskilled labor force. 

Some countries of the North have been generously giving economic assistance to their poorer neighbors in the South and they do this for a variety of reasons. Molitor believes that as a rule the industrialized nations give aid without expecting anything in return, simply because they know the distress of the receiving nations, from which they cannot escape unaided within an appropriate period of time. This altruistic opinion appears too optimistic but the statement is incontrovertible, which avers that an LDC would fare worse in its fight against poverty, if it did not receive foreign governmental aid.

No nation desires to remain a beggar forever, neither can any country borrow immense sums unless it can pay its debts on time. A debtridden state is no better than a colony, because whatever economic value might be wrung from its surplus raw materials, its unskilled manpower and minuscule domestic market is still (or “nevertheless”) held in hock for years on end for liquidating its foreign indebtedness. Many LDC decision-makers gamble on the dream of instant wealth through rapid industrialization. The Dependencia theorists of Latin America blame their governments for taking this road, by opting for import substitution as the goal of their industrial development. Hence, their countries will never be able to pursue an independent economic program, unless radical changes are made.

The newly independent nation-states of Asia and Africa similarly struggle to survive. Independence obtained after World War II, either through its grant by former colonial nations (e.g., British Commonwealth nations, Indonesia, the Philippines) or through violent secession (e.g., Zaire, Vietnam) means that each nation-state has to shift and fend for itself. These emergent nation-states soon discovered that political independence does not guarantee economic autonomy, in the face of the stark realities of world markets, capitalist or socialist.
These new nations soon found out that their stature in the family of nations is measured by their people’s material well-being. The fact that the majority of their population lives in starvation or mere subsistence level relegates them to a position of low repute and slight importance. This realization severely wounds a young nation-state’s self-respect and its reaction includes the syndrome of severe inferiority complex expressed by ultra-nationalism. Economic well-being is obviously the unsubstitutable basis of any nation-state’s cultural and political stature. Since free hand-outs from foreign governments are limited and foreign indebtedness is insufficient for the rapid alleviation of its people’s poverty, the LDC sees no other viable alternative but to attract direct private investment to its domains. This cannot be undertaken meaningfully except by giant corporations operating in their home-countries in the North and maintaining transnational operations by means of subsidiaries or affiliates in host-countries of the South. These direct-investor firms are the MNC’s.

An ever-widening gap between a minuscule ruling group and the starving masses is a common phenomenon in newly emergent nation-states of the Third World. The elite group imprisons itself in “golden ghettos” protected by high walls and guarded by public and/or private armies. Such a situation poses a danger greater than purely economic backwardness. It may spark a violent and bloody revolution (e.g., Kampuchea, Uganda) or induce a relapse into old-fashioned colonization dubbed “institutionalized dependency” by some godfatherly superpower, alone (e.g., Afghanistan) or by means of its heavily armed surrogates (e.g., Angola, Ethiopia). Either alternative spells death to a new nation-state. The only other option offering some hope of survival is to invite direct private investment and here again comes the MNC’s.

B – THE MNC

The second combatant in the arena is the MNC. It comes in manifold guise; e.g., firms of sole proprietorship, partnerships of several firms, corporations so defined by law, joint ventures of several companies, holding companies owning and managing a complex of companies, or even a social organization actively engaged in economic exchanges of goods and services. These economic exchanges are undertaken through manufacturing and extractive industries, banks, firms of management consultants, advertising agencies and accounting firms. Many theories attempt to specify
which of the several objectives intended by such giant corporations should be geared as their ultimate goal. It could be the firm's viability as an organization (Barnard, Simon, Baumot), the maximizing of net profits (naive economic theory), the maximizing of net revenues (Knight), the maximizing of profits in the special sense of contractual-residual profit (Bronfenbrenner), or the firm's future wealth (financial theory). The motif of survival threads its way through all these goals. In other words, in order to preserve its identity, an MNC is compelled to aim at a never-ending expansion. This compulsion to expand requires quantitative and qualitative improvement. Competition among MNC's goads each to try influencing world markets for its advantage. Competition also provokes technical progress and requires scientific planning. For example, planning must take an individual product's life-cycle as a constant in order to adjust MNC strategies accordingly (Vernon). Again, an MNC alone or in cooperation with others should work to induce oligopolistic situations in home and host countries. They do this by expanding markets through the sale of their products in places where they have hitherto not been available, thereby imposing a relative monopoly in some product or in some region, for both short-term and long-term acquisition of wealth (Hymer). It is this struggle for survival that ultimately explains MNC economic behavior. In this study, I shall be using the term "MNC" in the sense of this working definition: A Multinational Corporation is an economic enterprise characterized by a homogeneous centralized management and oriented transnationally for continual growth as the indispensable requirement for the preservation of its identity.

II. THE LIFE-AND-DEATH STRUGGLE AND ITS ISSUE

A - THE LIFE-AND-DEATH STRUGGLE

The LDC is conscious of its formal political independence and its theoretical sovereignty over its people and its possessions. Even when provided with foreign governmental economic aid and sums coming from foreign loans combined with its meager savings, the LDC by itself alone cannot mount a meaningful development program. In order to survive, it must attract MNC's to operate in its domains. The MNC is just as convinced that because of its vast resources and worldwide capabilities, it and it alone can efficiently process the LDC's raw materials, train its unskilled labor force sufficiently to take part in the processing and expand its market revenues through the export industry. Hence, the MNC
claims real and effective ownership of the LDC manpower and material resources. This claim remains a mere possibility until the LDC actually permits the MNC to start operating within its territories, at which moment its claim to effective control and real ownership is actualized. Here are two claimants to the self-same raw wealth and labor force whose continued insistence on their pretentions can only lead to an inevitable gladiatorial combat-to-the-death.

Throughout imperial Rome's centuries of world domination, its legions fought the armies of nation after nation: Carthaginians to the south, Germanic tribes to the north, Asiatic empires to the east and older nations to the west. In these wars, armies of free men fought each other on behalf of their native states. As nations toppled down under the impact of the Roman legions, their soldiers and their civilian populations became slaves of mighty Rome. Hegel analyzes this historical phenomenon and develops his master-slave dialectic. In the following pages, I shall apply this scenario in expanded Hegelian tableaux to the contemporary drama, whose actors are the LDC and the MNC.

The LDC has before it an MNC. The LDC sees the MNC as an alien entity exhibiting a proprietary gaze over the LDC people and domains identical with its own. The LDC goes out of itself to subject this foreign intruder to a closer scrutiny. And what does it discover in the inmost depths of the MNC? None other than its own self; nay, the LDC sees itself to be the essence of the MNC. Evaluating its original self in the light of this perplexing discovery, the LDC cannot escape the conclusion that its original self has been done away with. If this LDC inside the MNC is the true reality, then — indeed — the original LDC has become something unessential, untrue and unreal. It has been effectively removed from the scene through the incontrovertible fact that it is existing inside the MNC as the latter's own essence. But this loss of the original LDC implies the same fate for the original MNC, which is now unmasked as a hoax, because it is the LDC inside the MNC that is the truly and only existing essence.

The original LDC must now take a second step towards ascertaining its true status, after finding itself supplanted by what it could only consider its double lurking inside the alien MNC. The LDC now insists that it itself as the original LDC is the true LDC, while the LDC inside the MNC is just an imitation of itself. Further, the original LDC insists for this very same reason that the original MNC is not identical with the LDC double inside it either. In effect,
both the original LDC and the original MNC must be considered alien in nature to the LDC double inside the MNC. But this stage in the developing situation shows that the original MNC is, in its turn, swallowed up by the original LDC. This is the case, because the original LDC is now reinstated as the only true reality, inasmuch as its double has been proven to be a mere copy of itself. In other words, the claim of ownership to LDC raw wealth and of control over its labor force is now found exclusively real and existing in the original LDC, because the alien MNC mouthing the self-same claim is no longer to be found anywhere except inside the original LDC.

Such being the case, the genuine LDC must also recognize that it itself is no longer to be found on the scene either. This is because it is now identical with the MNC now found lodged inside itself. Both have lost their original personalities, through the identification of their distinctive realities. In retrospect, we notice that in this second stage, this search for valid identities has taken the form of a double differentiation. The first alienates the original LDC from the LDC-double inside the MNC. The second alienates the original MNC from the LDC-double inside itself. Summing up, we now have this resulting situation. Because the original LDC is the true reality and the LDC-double is only a copy of it, the original MNC is now identified and indistinguishable from the original LDC. But by the same token, the original LDC must be considered lost, because it is now identified with the original MNC. Both the original LDC and the original MNC are now alienated from themselves and identified with each other, because both of them are essentially differentiated from the LDC-double.

The third and final stage of this identity-certifying safari takes the form of a double return. By insisting on its differentiation from the LDC-double inside the MNC, the original LDC now reaffirms its claims of independence and of true reality as lord of its people and its possessions. This reaffirmation is no longer the claim in its naive and untested expression, based solely on the mere formality of the proclamation of its political independence handed over to it from outside of itself. This reaffirmation comes from the original LDC, now fully reinstated with a reflex consciousness of its true identity and reality, and a wiser one after the clarification of itself in the crucible of experience.

The LDC's return to its original self also marks the return of the MNC to its original self, because it is inevitably to be differentiated not only from the LDC-double inside it but also from the original LDC, which is the one and only LDC. The LDC now fully
realizes the real alienage of the MNC and so returns it to its original reality. The LDC has now a reflex consciousness of all these facts, clearly seen and distinguished from each other, after having gone through the various stages of the above dialectical process.

The fight-to-the-death will be mutually joined only after the MNC shall have lived through the same three-staged journey made by the LDC; namely, double removal, double differentiation and double return. The MNC’s way to the field of combat is as follows:

1. By going out of itself to scrutinize the LDC, the MNC loses itself in the discovery of itself as the essential reality inside the LDC. This discovery also spells the loss of the LDC through its being identified with the MNC inside it.

2. The wayfaring MNC differentiates itself from its own double lodged inside the LDC. It also insists that the LDC is different from the MNC-double inside it.

3. The MNC finally returns to its original self with the confirmed and reflex consciousness of its identity and of the identity of the LDC similarly confirmed and known by the MNC reflectively.

At the conclusion of this mutually lived through three-staged journey, both pretenders to the self-name possessions meet. There can only be one real possessor of the things in question: hence, they fight to the death, like gladiators of old in some Roman amphitheatre.

B – THE ISSUE

The eyeball-to-eyeball confrontation is not really and primarily for the biological existence of either the LDC people or the MNC personnel and investors. Both could go on living the way they have been doing all along, until this moment of inevitable conflict. Rather, this adversary situation at its extreme has been brought about to this critical point by the mutual recognition of the self-same claim on the part of both parties and by the demand on the part of either that the other surrender its claim. Unmistakably, this fight-to-the-death is for recognition, honor and prestige. Each combatant must destroy the other, under pain of having its own being destroyed, as embodied in its claim to sole ownership of the LDC people and resources. The interest in survival prompts the continual proclamation of this self-same claim by both parties to force the other to recognize its claim; hence, they fight to the death for glory.

The first possible result of this single combat is the destruction
of both antagonists and the consequent cessation of their conflicting claims. But what remains after the fight is what sometimes happened in ancient Rome; namely, two corpses on the sandy arena.²¹ But such an event would no longer be interesting to living spectators, who are searching for the truth contained in the ideality of this complex drama unfolding before their eyes.

On the other hand, should one of the combatants yield himself in surrender to his opponent, the fight-to-the-death is ended but the struggle for prestige continues on a different level. This second possible result is typified in the case of an enemy warrior surrendering himself to his adversary in the field of battle. He ceases to be a soldier but he continues to live in the service of his enemy's country as a slave.²² In the case under consideration, the vanquished warrior is the LDC, which permits the MNC to invest in its economic development by establishing MNC subsidiaries within its territories. The LDC now recognizes the validity of the MNC's pretension of being the real and effective owner and controller of the LDC raw wealth and labor force. This claim on the part of the MNC has hitherto been a mere subjective notion, but through the invitation to operate in the LDC, this claim has become a confirmed and publicly acknowledged reality.

The rulers and the ruled in the LDC have capitulated to the blatant MNC demand for recognition. The invitation to invest is their flag of surrender, which negates the LDC's earlier claim based solely on its political independence. This political independence has now been reduced to a pitiable remnant, sufficient indeed to give it a minimum of bargaining power. From this residue comes its minuscule share of profits derived from the raw riches and the toil and sweat of its people. This share comes in the form of minimal taxes, low royalties and meagre profits vis-a-vis the disproportionately larger profits being reaped by the investing MNC. The LDC remains a sovereign nation-state but its prestige, tied as it is to its effective economic growth as the basis of its survival, is truly depressed and depressing.

From this contest of wills, the MNC emerges the victor, whose claim has been formally recognized by the LDC, which has lowered its gaze, swallowed its pride and surrendered its claim. The MNC's earlier simple consciousness of its claim embodying its own raison d'être has been mediated into a reflex consciousness of its power. Its power and might, in turn, has now become a matter of public knowledge and acclaim. The LDC surrender becomes all the more incontrovertible, when it makes laws offering incentives to MNC's to invest heavily in its domains.
III. THE MNC DOMINANCE AND ITS PARADOXICAL CHARACTER

A – THE MNC DOMINANCE

The investing MNC contracts two immediate relationships with the LDC; the first, with its raw materials and the second, with its people. Further, on the basis of these two immediate relationships, a new set of two-mediate relationships develops. The first interposes the LDC people between the MNC and the raw materials, while the second interposes the raw materials between the MNC and the LDC people. This web of relationships displays the truly dominant stance of the MNC over the LDC.

The first immediate relationship binds the MNC to raw materials, which are destined by their very nature to serve human needs. By processing them into consumer goods, the MNC actualizes their primary purpose of satisfying human needs and desires. Left to themselves, the LDC people can not consume, destroy or annihilate their raw wealth. Lacking tools and skills needed for efficient processing, all that they could possibly do with raw materials above or under the ground is to give them a different external configuration and this only means wasteful utilization.

On the basis of this first immediate relationship, a second and mediate one arises, in which the LDC people are made to bridge the gap between raw materials and the MNC. This mediation occurs when LDC nationals are hired to work in MNC subsidiaries. In effect, the toil and sweat of the LDC nationals are in immediate contact with their own raw materials in the earlier stages of processing operations, after which the MNC takes over and puts on the finishing touches. The finished products are now substantially different from the minerals or plants in their natural state. But the bridging function of the LDC people between inanimate objects and the scientific operations of the MNC unequivocally reveals the overpowering dominance of the MNC over the LDC.

The second immediate relationship binds the MNC and the LDC people. In the eyes of the victorious and profit-motivated MNC, the LDC people are no longer superior to other inanimate possessions of their own. In imperial Rome, the master regarded his slave as a chattel, a thing to be disposed at his whim just like any other inanimate property of his. Analogously, the MNC regards the once proud LDC people in a new light; namely, because they have surrendered the control of their raw resources to MNC operations, they merit to be considered as not much better than these
lifeless objects. The LDC nationals had banked on the proclama-
tion of their political independence to provide them, without further
ado, with the use and the usufruct of their raw wealth. This sim-
plistic notion has been exploded by the realization that such a pro-
clamation is a meaningless formality. This realization becomes all
the more painful from the fact that a small remnant of political
independence remains, whence comes a very small share of the
profits derived from their material possessions. This residual sover-
eignty now becomes the necessary condition as well as the suffi-
cient reason for the LDC people's ability to enter into binding
contracts with other nation-states as well as with the MNC, to
which they have surrendered their raw wealth. With this minimal
political independence, the LDC survives as its old self, having es-
caped being replaced by a radically new form of government, be it
from subversion or from neocolonization.

On the basis of this second immediate relationship, there now
arises a second mediate relationship, which interposes raw materials
between the MNC and the LDC people. This is the consequence of
contracts stipulating that the MNC employ LDC nationals in its
subsidiaries. The LDC intention behind this move is to provide more
employment for its people, thereby increasing local income and
distributing it more widely. In so doing, however, the LDC has un-
wittingly yet officially sanctioned the physical nearness and the
evaluative equality of its people to the inanimate objects on which
they labor. The distance between the MNC and the LDC people is
clearly manifested as prohibitively great by this web of relationships
and the dominance of the MNC over the LDC is now cast in bold
relievo.

B — ITS PARADOXICAL CHARACTER

The victory of the MNC over the LDC, however, is doomed
to partial failure. This is due to the fact that the LDC's recognition
of MNC dominance no longer comes from an equal but from a
cowed and subservient slave, no better than inanimate objects. Their
equality is gone and the MNC's recognition and prestige is blighted.
In addition, the LDC raw materials and workers under MNC control
are but insignificant and contingent things, but it is on their insub-
stantiality that the MNC dominance rests. The MNC is assured of
its victory, but it is seriously marred as shown by minor irritations
and serious dangers affecting MNC operations in a host LDC.25

On the lowest level, the employment of LDC nationals is a
source of constant irritation. LDC nationals do the rough jobs in
MNC subsidiaries as stipulated by contracts. Bargaining with this
labor force is not easy, because local workers clamor for salaries
equal to those of their counterparts in the MNC home country. They
refuse to accept their wages in their own country’s soft currency and insist that they be given them in the MNC home country’s hard money. The MNC does not — as a rule — grant all such demands, but they do give their local laborers salaries much higher than those they would receive from local businesses. It is because labor costs in host countries are substantially lower than those in home countries, that MNC subsidiaries are profitable even though irritations prick the MNC’s superior skin.

On a higher level, there is the unskilled capacity of local workers causing operational breakdowns, slowing down production and diminishing profits accordingly. There is wastage of materials from inept handling and loss of man-hours due to the slow tempo of work. Furthermore, local managers on the lower and intermediate levels treat regulations designed to insure quality control rather cavalierly, thereby contributing to the inferior quality of many finished products, which are then fit to be sold only in the South but not in the quality-conscious North.

The formation of labor unions increases minor irritations. The relationship between MNC management and unionized LDC nationals employed in MNC subsidiaries is not as smooth as that in the industrialized First World, where unionism is a time-honored institution and the enforcement of labor laws is vigorously pursued. Frequent wildcat strikes occur in LDC’s, and governmental mediation is agonizingly slow on the part of politicians, who owe their jobs to popular vote heavily influenced by vocal middle-class citizens, many of whom are working in MNC subsidiaries.

An MNC will establish subsidiaries in several LDC’s within a certain terrestrial region, in order to satisfy its compulsion to expand. Its subsidiaries give them outlets not only for products manufactured in them but also for those coming from MNC operations elsewhere. To insure a relative monopoly of the region’s markets, the MNC resorts to complementation, whereby parts of its total product are manufactured in subsidiaries located in different host countries in a region. This prevents any single LDC from producing complete products that could compete with MNC merchandise. This strategy gives the MNC greater leverage in bargaining but the irritations listed above have to be gone through repeatedly, because they creep up in each host LDC. In no case, however, will the MNC permit the host LDC’s singly or in groups to be competitive with them in the region.

The most serious problems emanate from the LDC ruling body. The MNC has to contend with numerous conditions: e.g., prescribed equity percentages for local and foreign investors in the ownership of subsidiaries. Bargaining for tax reduction or exemption con-
sumes time and money. To win contracts entails long and difficult haggling with an immense bureaucracy armed with discretionary power over vast areas of responsibility. The unwieldy pace of coral-ling signatures galore for volumes of licenses demands patience and great expense. To iron out misunderstandings and to dicker constantly for renewal of permits, wrapped in technicalities, for part after part of the total operation can become a torture. This is further aggravated when local bureaucrats have become craftier through experience.

The most serious danger for the MNC is the Damocles sword of having its properties expropriated. This climate of uncertainty is the essential risk in any LDC. An LDC can easily cite social and political reasons to justify its use of the power of eminent domain and is not bothered by discriminating against particular entities, if it suits its purposes. Above all, LDC’s as a rule reject what international law prescribes in cases of nationalization of foreign-owned properties: namely, prompt compensation of the confiscated properties at their full value in convertible currency. The Calvo doctrine even forbids the MNC to seek redress from any authority except from that of the host country; hence, they may not ask their home governments to back them up through diplomatic actions. The home governments of MNC’s in fact and as a rule use their full influence on LDC’s making use of confiscation to compensate MNC losses. They may even topple down governments to insure the continued operations of MNC’s in such a host LDC. Allende of Chile is the most conspicuous example of the U.S.A.’s backing of ITT, but long before the Mossadegh of Iran fell, when European governments decided to act on behalf of their oil companies.

Outright confiscation, however, is rare. Gabriel’s thesis proposes that MNC’s equip themselves with the readiness to dance to the tune piped by host LDC’s. The MNC must be aware that its investment in any host country has a time horizon. Its warm welcome into a host country cools off, when the LDC ruling body perceives MNC presence in its domains to be more disadvantageous than advantageous to LDC national interests.

The most painful irritations come under the title of “creeping expropriation.” This label denotes conditions imposed by the LDC ruling body to induce or to force the MNC, either to withdraw from the country or at least to alter significantly its mode of operations. For instance, LDC’s may limit part of the equity that the MNC can own of its subsidiaries in favor of its nationals, limit
remittances of MNC affiliates and even subsidiaries to their parent companies abroad, limit importation of raw materials or of finished products needed as components of the MNC subsidiary's product, restrict the number of foreign managers and technical personnel to enter the host country. The LDC government will always try to interfere in the administration of MNC income, sales, excess profits, taxes, in order to favor LDC objectives enjoying top-level priority.

In spite of all these dangers and irritations, the MNC remains the victor in the sense that it goes on piling profit on top of profit. It continues expanding its operations and increasing its net revenues all the time in spite of every LDC guerilla tactics. For this, it employs a phalanx of scientifically trained planners aided by numerous experienced consultants. For instance, the MNC has to protect itself from the consequences of an LDC's policy of straight-forward or selective currency devaluation, which of its very nature is inflationary thereby increasing the costs of operating subsidiaries and other business transactions. To do this, the MNC borrows from local money sources funds exceeding the subsidiary's devaluable assets (cash, receivables, Inventories) to finance its operations. The MNC may also set aside foreign profits into a reserve for foreign operations hit by devaluation. In this way, it covers its losses due to devaluation, usually sustained due to the prudent non-devaluation of its fixed assets in the host country.36

In retrospect, one may now ask: In what, then, does MNC victory consist? The answer is plain: In the long run, the MNC's global capabilities and unified management will overcome all such LDC sniping attempts to grab more than what it has agreed to as written in the contracts. The survival aspect of MNC's compulsion to expand is assured of staying power. In effect, such irritations may even help the MNC to expand its markets, diversify its industries and even to undertake infrastructure projects of host LDC's. Its continued stay in the host LDC has to be assured by all means in order to go on maximizing its present and future revenues.

IV. LDC DEPENDENCE AND ITS MEDIATION THROUGH WORK

A - LDC EXPERIENCE

We have seen how MNC dominance has gone into reverse through the realization that its recognition and prestige comes from a subservient and fettered LDC. The web of relationships
between MNC and LDC involves irritations and dangers that concretize this unequal and inferior MNC recognition. A more thorough study of the host LDC’s dependence will show that it, too, has gone into a reverse of some kind. The Hegelian insight into this situation holds that the LDC has the capability to transcend its slavish status through hard and creative work.37

The total dissolution of the LDC, be it in the form of internal revolution or subversion or through annexation by a stronger state resorting to the old-style gynboat diplomacy of former colonization, spells death for any LDC.38 Death staring it in the face made the LDC’s knees quake and its whole frame tremble. Its whole substance was terrified by the danger of being annihilated as a politically independent nation-state. In order to escape Death itself, the LDC accepted a watered down version of death in the surrender of its raw materials and of its labor force to the control of the MNC. Through this surrender, the LDC still exists, even though it is destined henceforward to serve, slave for and labor on raw materials for the enjoyment of the victorious MNC.39

In imperial Rome, the slave’s life was securely safeguarded from death, because it was shrouded safely by its service to its master. To kill the slave, the master could do, but it would have deprived him of his victory, for which he had risked his own life. With the slave turned into a corpse, the master would be master no longer. Analogously, the host LDC’s being as an independent state is protected by its service to the MNC. This is because the MNC’s profits depend on the work of the politically sovereign but economically dependent LDC. The subservience by which the MNC substantially despoils the LDC is distinct from the subservience which guarantees the LDC’s political independence as a nation-state. Both kinds of subservience is partial death to the LDC. But this fact is not overt for all to see. Even the LDC itself needs much self-reflection to enable it to sort out all the implications of this labyrinthine situation.

The beginning of wisdom for the LDC is the fear of its lord the MNC. But this fear should be overcome by a wiser LDC, through its willing acceptance of its dependence on the MNC. As long as the LDC is quaking in fear and resentment, it is so taken up by such violent reactions that it gets neither the chance nor the time to reflect on itself and on its true estate. However, once this trembling and resentment have been overcome, then and only then can the LDC recognize its true self in its factual state of dependence and subservience. Only then, too, can it dawn on the LDC’s consciousness that a new factor has entered into the equation; namely, its people’s WORK on raw materials. This labor is an entity, distinct
from raw materials as well as from its minute politically independent status. To an LDC asking itself whether there be a way, in which it can regain its self-respect both for its own consciousness and for the consciousness of other nation-states, Hegel answers by pointing to laborious work as the means to effect this marvelous escape. 40

B — ITS MEDIATION THROUGH WORK

The MNC is intent solely on the enjoyment derived from the use of consumer merchandise and on the enjoyment of profits derived from the sale of its products. But both consumer goods and every kind of enjoyment derived from their use are evanescent things. Hardly anybody notices the fact that the enjoyment of consumable goods is coterminous with them. But the evanescence of finished products and the transitoriness of their enjoyment can be overcome by work; i.e., toilsome, dedicated and creative labor. In olden times, the slave’s toil when lovingly bestowed on inanimate natural objects produced per­during products that gave lasting enjoyment. Any true work of art, especially in the plastic arts of painting, sculpture and architecture, is the result of diligent and creative labor expended on inanimate objects. Herein lies the chance of the slave somehow to raise itself, by producing something permanent; i.e., a work of art, which surpasses consumable things that disappear when used and enjoyed.

In the work of art, the soul of the artist is incarnated in an inanimate object. The objet d’art possesses a form, which implies the removal of the natural figure of the thing and its replacement by a novel form, which — when imposed on the thing — excites pleasure from the mere sight of it. This new form had a prior existence in the mind of the artist, before the latter laboriously imposed it on some appropriate raw material. A work of art is the solidification of artistic conception and activity. Analogously, a dependent LDC can incorporate its selfhood into a work of art and recognize itself in it, insofar as its masterpiece is dependent on the master MNC and superior to raw materials. In other words, a dependent LDC emancipates itself from both master and raw materials, by so perfecting its laborious toil into technological or artistic creativity that it produces masterpieces testifying to the life of the spirit animating it and giving it a unique identity.

However, no LDC can achieve such a reflective self-realization and effective self-emancipation outside the context of its depen-
dence on the dominant MNC. This dependence is an objective fact, which transcends subjective notion and conviction. The effective overcoming of an LDC's dependence can be brought about by self-re-education wrought by the dedicated creation of intellectual, technological and plastic art-works. This surpassing of its subservient stance can be achieved only through two things: namely, 1) fear and service, in general, and 2) formative activity of toil and labor. Both elements must be found in the LDC, if it wants that its self-appreciation be confirmed reflectively for itself and that its self-estimation be validated for all time and for all men through the outstanding results of its work. Without the discipline of service and obedience, the LDC's fear of the MNC substantially robbing it of its raw materials, through bargains heavily loaded in favor of the invited foreign investing MNC, would only be a superficial fear that does not terrify its whole being. Without the absolute fear of death, be it in the form of a violent revolution or in that of foreign re-colonization, no dependent LDC can be motivated sufficiently to opt for freedom through the re-assertion of its selfhood by means of labor and toil.

During the centuries of the Roman Empire, many a cultured Hellenist slave was detailed by his martial Roman master to look after his son's education. He has to take the child to the place of instruction, where a schoolmaster instructs several scions of leading families. The slave becomes a pedagogue in its original sense of a pedestrian-slave acting as a workhorse and a bodyguard of the son of the family. He leads the boy to the place of instruction, walking by his side, at times carrying him bodily and not only his books. In the house, the slave becomes a pedagogue in its sense of being a teacher. He instructs the boy in the rudiments of reading and writing in support of the formal schooling he gets outside the home. But many a learned Greek soldier, defeated in battle and became slave through surrender, could teach the Roman boy destined to excel in martial arts the secrets of Hellenic liberal arts. By accepting his servile state, the pedagogue re-educates himself, while educating his master's son. It is only in this manner that he can succeed in producing a budding Cicero and not merely a spoiled brat of a Brutus and thereby gain esteem and honor in the eyes of the master's family and his friends.

In like manner, from the willing acceptance of its subservience, the dependent LDC should extract the powerful motivation to undertake long and arduous labor to be expended on raw materials set before him by the master MNC to work on. This means that
the LDC people should not only tinker with raw materials under their control, but out of them through earnest work and laborious toil develop artistic or technological skills, to produce masterpieces that last and give permanent enjoyment. A master-artist LDC comes to recognize itself as the master of nature from producing works of art from inanimate creation. But this transformation of ordinary work into high level artistic or technological skills cannot take place without an interior transformation taking place in its spirit. The LDC artist-slave has to undergo a self-wrought re-education. Its spirit, numbered from serving the MNC, has to take on fresh life. The artist LDC can regain its living spirit, which it had lost when its conqueror MNC relegated it to the status of raw materials, inanimate and gross, by expending its thought and labor on these very same inanimate objects. It is only thus that the slavish LDC can discover and prove to all beholders that it has "a mind of its own." Its mind is diametrically opposed to the mind of the MNC, domineering in its total intent on profit-making. With respect to the life of the spirit, the artistic LDC through dedicated and creative labor can assert its independence and its otherness from its pecuniarily-minded master MNC. It accepts its dependence and subordination, but it will yield nothing to it in artistry.

On the other hand, without that self-educative activity of creating living shapes in its mind and the formative activity of imposing them on inanimate things, this confirmed differentiation of the LDC from both master and matter-in-nature would turn out to be just some subjective notion of its own, some imaginary figment of its self-estimation. In such an event, this reflective consciousness of its identity would reveal itself as the mere exhibition of stubbornness but not the reality of a distinctive "mind of its own." This stubbornness, when and if it is allowed to remain, usually develops the syndrome of inferiority complex. This is a state of mind afflicting a personality, whose consciousness of its inferior status of subservience, attempts to compensate for it by giving itself airs of equality or even superiority to its master, but in the process deceives nobody but itself.

If the host LDC people do not dedicate themselves to laborious toil, thereby re-educating themselves from having fallen into the lazy ways of colonial masters, past and present, or into idle ways developed by being subject to them, they cannot lift themselves up to the point of being able to impose their distinctive conceptions on raw materials lying ready at hand. Without this demonstration by means of some distinctive characteristic that their spirit is alive and well, they may strut and ape the people of the MNC's
home country, but being seen through as sanscullotish braggarts they do not evoke admiration, they only excite mirth.

Contrariwise, with the chastening reality of its subservience deeply impressed on itself and voluntarily acknowledged, a dependent LDC can labor on some particular kind of raw material or in some area of human activity and produce out of them artistic masterpieces. The LDC's unique personality is impressed on these works of art by means of visible and novel forms, overt to itself and to all beholders. But this transcending revolutionary workmanship can come only from the exacting discipline re-educating the artistic artisan's mind. The mind must arouse itself from dawdling with banal shapes and begin creating noble forms, which — when incarnated in masterpieces of art — become perduring sources of pleasurable enjoyment for sense and spirit.41

Books and articles abound listing items to help the dependent LDC to graduate into the ranks of MNC home countries. The remedies they prescribe are more capital, more technology, more scientifically developed managerial and entrepreneurial skills, direct attack on poverty, less capital-intensive industries or more intermediate industrialization adapted to the LDC's capacities to absorb modernity. However, all such remedies appear to be mere palliatives, if not outright placebos.42

United Nations' agencies also advise LDC's how they may come to a less subservient position vis-a-vis the MNC's. All such means are necessary conditions but are not sufficient reasons for letting the LDC transcend its dependence. Indubitably, the United Nations Organization tries its best to bring Reason to bear down on the dealings between North and South, between LDC and MNC. But it remains doubtful, whether such efforts will ever become truly effective, unless and until the U.N.O. comes into the possession of the authority proper to a supernation straddling Planet Earth. The most that U.N. agencies can do now is to give suggestions for, and even to begin exemplary steps at, educating LDC's to help themselves. But it is by toiling mightily that the LDC can come to the point, where the First World will be glad and not merely ready, to help them help themselves. This is Cancun's message, loud and clear. However, even when there shall have been formed one Village Earth, at peace with itself and ready to welcome visitors from Outer Space with camaraderie or ready to repel them if they come as alien invaders, it is problematic if the master-slave dialectic will completely disappear between MNC and LDC, North and South, East and West.43
Two analyst-researchers, Max Singer and Paul Bracken, have this message for LDC’s.\(^4^4\) The North modern wealth is a modern phenomenon, just two centuries old. Its foundations are scientific technology producing more with less effort and new forms of human organization developing skills to utilize modern technology efficiently. This technological artistic achievement of the North is called the Industrial Revolution. In the process of coming to its present affluence, many cultures and social fabrics have been torn apart. Every nation seeking to achieve the same affluence must clarify to itself, whether wealthiness is worth such destruction. An agricultural civilization permitted the rich to exploit and to take from the poor. But modern wealth from industrialization does not behave in that way. Slaves cannot run modern factories using computers and all that maze of machinery.\(^4^5\) Industrial methods and organizational skills are not the only constituents of modern technology, there must be continuing research in pure sciences. Mere raw materials do not suffice to buy wealth, there must be markets for them. Without a market, no resources — raw or processed — are worth having by an LDC intent on getting rich.\(^4^6\)

What, then, will enable an LDC to lift itself from its dependent status? Which labor can it undertake in order to be able to transcend its dependent position? These analysts claim that ideas, not things; i.e., techniques, information and other intangibles, alone can motivate and organize its people to work and toil laboriously to produce a distinctive product of its own. Japan does not have many natural resources to speak of, but its affluence came from work and organization, which produce optics, electronics and vehicles of every kind, priced according to the pocketbooks of middle class people all over the world.\(^4^7\) Switzerland, one might point out, has nothing but mountains full of rock and ice, but it has developed banks and watches, which have become by-words all the world over, while its tourist industry mines gold from rubber-necks determined to enjoy the scenery all year round. The Netherlands is a small flat piece of real estate, but Rotterdam is the port of Europe and the Dutch sell tulips everywhere.

Singapore seems to have found its magic stone by offering its rocky islets to be the secondary Southeast Asian home-country for the North’s MNC’s. The Philippines may have found its magic formula in the massive exportation of laborers on every level, recruited from the army of students graduated from its brand of university education. Speaking their brand of English garnished with Tagalog idiomatic phrases, these modern Filipino laborers
unabashedly accept any job available anywhere in any World — First, Second or Third. No matter how outwardly degrading that job may be, be it sweeping streets in Third World capital cities or serving as housemaids in the house of rich families anywhere, these modern Filipino workers labor cheerfully as long as they get substantial wages for improving the lot of their families in their homeland, which cannot match such salary rates that foreign countries offer to Filipino citizens.

The LDC may never fully overcome its dependent status vis-a-vis the MNC, but it can alleviate it sufficiently to enable it to become stable economically and dignified politically. Those pointers given by the research analysts mentioned above are but elaborated translations of Hegel's insights into the life of the Spirit. In sum, it is ideas alone that can make LDC's devote themselves to laboring mightily on raw materials readily accessible to them, in order to overcome to some extent their subservience to the MNC.

In retrospect, one notices that individual insights elaborated in this study appear commonplace and easily attainable through ordinary reflection. However, nobody will dispute the statement that it is Hegel's genius that has knit together the whole ensemble of powerful ideas and profound insights into the unified drama of the master-slave dialectic. It is Hegel's talents, which made a penetrating analysis of the life of the Spirit unfolding in human history. It is Hegel's inspiration, which picked up a historical phenomenon and transformed it into a universal model, fit to interpret every human dominant-dependent interaction. Without Hegel's eagle-eyed vision, even this tentative application of the master-slave dialectic to the MNC-LDC conflict situation could not have been undertaken, with the attempt to depict with some depth and with some comprehensiveness the entire process in its true and proper context.

NOTES


   *The Phenomenology of Mind*, Translated by J. B. Baillie, (N.Y. & Evanston: Harper Torchbooks, 1967). In the Text, both texts will be cited: Hoffmeister for the German text and Baillie for the English text.


40. *Idem*, Hoffmeister 149/Baillie 238-239.