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PEOPLES**

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INDIGENOUS HOMELANDS AND  
TRANSNATIONAL CORPORATIONS

Amax, Alcan, Coca Cola, United Fruit, Volkswagon, Sonya, Rio Tinto Zinc, ITT, Mitsubishi, Noranda, BP to name a few of the transnational corporations that are attempting to control all of the world's resources. Each corporation represents men and technology designed to exploit a variety of natural and human resources. They are transnational because their only allegiance is to their shareholders and they operate outside national control. Their control over goods and services has given them power over the governments of nation-states. Their principle reason for existence is to make money (profits) for private economic gain. They are the new imperialists.

WHO CONTROLS A CORPORATION?

A corporation is controlled by the people that own and manage it. Most corporations are owned by shareholders. Shareholders can be individuals of any nationality (Japanese, German, American, Brazilian) banks, other corporations, national governments, or any person or group of persons with enough money to buy a share of the corporation. Owning a piece of a corporation entitles the owner to their percentage of the corporate profits.

Some corporations are solely owned by a single individual, as is Occidental Petroleum (Dr. Armand Hammer owns this enterprise estimated to be worth \$9 billion). Other corporations are privately held by a single family. Information concerning privately owned corporations is seldom published, while the profits and operations of 'publicly' owned shareholder corporations is more readily available. Some churches and other organizations of shareholders have begun to use their powers as shareholders to pressure particular corporations into respecting human rights.

In recent years, many national governments have demanded 51% of the shares of a corporations' national operations before it can operate within the national boundaries. Unfortunately, without information concerning the global workings of the corporation, the national government finds itself rather powerless to effect the operation even within its own boundaries. Because of lack of national government expertise in running the corporate enterprise, many governments have signed management contracts with the corporation giving up any potential control of the industry.

Controlling interest does not have to be 51% of the stock (share) ownership. Controlling interest is more often 10 to 15% of the stock. Considering each corporation may sell millions of shares to thousands of stockholders, 15% ownership of the total company is usually enough to be chairman of the board.

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WHO RUNS A CORPORATION?

Corporate decisions are made from the corporate headquarters. The board of directors (those owning the most shares) make the policy decisions. Corporate headquarters can be located anywhere. Day to day decisions about the operations of particular mines, factories, ships, ect. are left to the managers working for the corporation.

WHERE DO PROFITS COME FROM?

Profits are realized by changing a resource into a saleable commodity. For example: A tree growing in a forest produces no monetary profit. Once it is chopped down it is sold for money to a log hauling company. The log hauling company can then sell it to a lumber mill. The lumber mill then cuts the tree into lumber and sells it to a furniture factory. The furniture factory then sells it as furniture to a consumer. Each time the tree is sold, the seller realizes a profit.

This process is repeated a million times a day with everything from grain, labor, and Coke bottles to molybdenum and uranium.

HOW IS A TRANSNATIONAL CORPORATION ORGANIZED?

A transnational corporation is organized for maximum profit. This means that the least amount of money is spent by the corporation to produce the most amount of money. The money spent to produce money is called 'capital.' Capital expenditures include equipment and labor costs.

To dig uranium from the ground requires millions of dollars worth of equipment. Equipment to find the uranium, dig the hole and separate the uranium from the other minerals within the dirt. People are bought to run the equipment. All of these costs must be paid before the uranium company can sell the uranium and make a profit. The profit is the total amount of money the uranium is sold for minus the 'capital expenditures'. A profit may not be realized from the mine until the equipment and labor is paid for.

Transnationals often make a profit on each step of the process from natural resource to commodity by 'vertical integration'. A vertically integrated corporation owns the equipment for every phase of production. A mineral company, such as Alcoa, owns the equipment to explore and extract bauxite, then to smelt, refine, fabricate, ship and market the aluminum. This total control of production provides protection against new competitors entering the aluminum field. It also allows Alcoa to avoid national taxation by setting its own price at each step of production. With vertical integration, a corporation is also insured against a fall in the world price of the mineral or material, since any losses can be made up at a later stage of production.

WHAT ABOUT HUMAN LABOR?

Most corporations prefer to be as 'capital intensive' as possible. Equipment is much more reliable than human beings. Since the costs of an individual's labor is an ongoing expense that rises with inflation, it does not compare well with the

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cost of a machine that is purchased only once. In terms of global resources, it may be more advantageous to use human labor power to produce goods. To the large transnational labor is a headache it doesn't need. A machine that can do the work of a hundred men is more reliable and adds to the corporations overall worth. Human labor always represents a possibility of unionizing, absenteeism, strikes and pay increases. A one-day strike can cost a corporation millions of dollars.

Considering the profits and products produced by most transnationals they employ very few persons.

For example: Amax employees only 17,36 persons worldwide  
Alcoa.....46,000  
Alcan.....63,200  
Asarco.....12,500

Certain industries are more labor intensive than others. Communications, automotive, and clothing employ many more people than mineral companies. A community usually has more to gain from a 'labor intensive' industry than from a 'capital intensive' company. The community dealing with the labor intensive industry has more avenues to impact the industry and therefore bargaining power. It also will receive a greater share of the industry's wealth through the earnings of the community members working for the corporation.

Extreme reliance upon machinery has produced much technology that is very fragile. A rule of thumb is that the more complex and 'sophisticated' a machine is the more apt it is to break down with the slightest mishap.

DO TRANSNATIONALS WORK TOGETHER?

Yes, many transnationals work together from time to time. Often they form cartels. A cartel is an organization of corporations (although many producing countries have also formed cartels with varying degrees of success) of a particular commodity, mineral, or service to restrict output and keep prices high and stable. While they may be working together on one hand, they are continually jockeying for the largest share of the market and highest profits. Corporate technical inventions and plans may be the most protected secrets on earth.

Many corporations, even competing corporations are owned by the same people. This is called 'interlocking directorships'. Finding a company has interlocking directorships is often a clue that the interests of the particular companies are being looked after by men who play golf, eat lunch, and go to meetings together.

As more and more (smaller) companies are bought by larger companies competition between the corporations does tend to decrease. This does not mean that the people who run large corporations are one big happy family. The race for profits is a continual struggle to become the biggest fish. Corporations can be played off against each other. If a corporation offers a community a contract, it is wise that the community shop around the competing companies before signing.

HOW DO TRANSNATIONALS CONTROL NATIONAL GOVERNMENTS?

Transnationals control national governments

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because the national government needs what the transnationals have - technological expertise, equipment, goods, shipping lines, and investment capital - although most corporations are not above a few bribes or kickbacks to government officials.

Most national governments are dependent upon transnationals due to their reliance on import/export trade to keep their economy afloat. These governments find themselves in a bind, where they must sell their resources at the corporate price and buy the goods and services they need back at the corporate price. Vertical integration and corporate bookkeeping procedures enable a transnational to name its prices.

National governments must often offer incentives for corporate investments. These incentives may be dams to provide cheap power, tax free areas for manufacturing or direct capital investment from the government. All government incentives force the government deeper into debt to transnational banking powers and therefore make it practically impossible for the government to end their corporate dependence.

National governments also provide direct subsidies to corporations in the form of military aide and population control. Few corporations will invest in a country if the political situation is 'unstable'. In corporate lingo 'unstable' means any chance of unionization, nationalization, and sabotage exists. Military dictatorships have proven 'good investment climates', regardless of the human misery they foster. (There are exceptions, since Somoza was overthrown in Nicaragua, corporations are re-examining the most corrupt regimes as potentially 'unstable.' Too much active government resistance, as in the Phillipines, can prove 'unstable').

WHERE DO BANKS AND THE INTERNATIONAL MONETARY FUND FIT IN?

Since national governments must sell cheap and buy dear from the transnational, they are caught in an ever-increasing debt trap. To pay for the goods, services and corporate incentives they must borrow money from international banks. These banks demand high interest payments on the borrowed money often equalling millions of dollars per year. The borrowed money must also be paid back in full at an agreed upon date. If the government chooses to default on its loans, history has shown that banks and lack of cash can strangle an import/export dependent economy. Without the support of cash government officials can be easily toppled. Micheal Manley of Jamaica and Salvador Allende of Chile were both removed from power precisely because they choose to default on their loans. Both of these leaders were faced with internal subversion from outside operations. Few nations long dependent upon the international economic system are in a position to withdraw from the system long enough to build a strong internal economy that can meet the needs of their people. (Military dictatorships are so propped up by banks and international aid that the needs of the people is quite irrelevant to their power.)

The International Monetary Fund (IMF) is currently the key financial institution in the increasing debt process. IMF policies determine which governments are fit to receive bank loans. Although the IMF, itself was established as a debt relief agency, it does not provide much money for loan assistance. Primarily, it sets the

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criteria by which a government is able to receive bank loans. IMF criteria varies slightly from government to government. Generally the IMF requires a government to enforce IMF 'austerity measures' - devalue its currency, diminish social services, and provide corporate incentives. Without an IMF seal of approval, a government has few options but to default on its debts. Default ends a government's ability to operate within the world economic system and usually means an overthrow of the existing government. The new government knowing its shaky position will undoubtedly accept IMF policy.

The World Bank provides loans for governments to build dams and other industry incentives. World Bank loans must also be repaid in full.

ARE COMMUNIST COUNTRIES INVOLVED IN THE WORLD ECONOMIC SYSTEM?

Yes, but they have their own institutions. Their corporate structures are their governments. The Soviet Union respects the rulings of the IMF. More than one nation-state has been told by the Soviets to get their IMF credentials before asking for Soviet aid.

The Soviet Union is completely tied up in the world economic system. Recent efforts by Polish trade unions are a partial result of IMF austerity measures.

DOES THE IMF HAVE CONTROL OVER EUROPE, JAPAN OR THE U.S.?

Yes, the FIRST, SECOND and THIRD worlds are all part of the same system. To be more precise, the producing and consuming nations are all part of the world economic system. Perhaps, the consuming nations (U.S., Japan, and Germany, primarily) have reaped more material benefits from the system than the producing nations. They also receive many of the terrors of the system, environmental pollution, alienated populations, inflation and massive debts. More and more consuming nations are having to provide incentives for corporate investment and are instituting austerity measures to relieve their debts.

The United States and Britain are watching their economies slide from their once held prosperity. The people benefitting from the economic system are becoming fewer and fewer. Those people with direct connections in the corporations, shareholders and corporate managers, are taking larger and larger pieces of the corporate profits. Japan has a somewhat different system that is more responsive to human rights and the demands of popular national governments to receive a bigger share of the profits.

All consumers and members of producing nations must contend with the poisons and environmental degradation caused by corporate development, not to mention the fear of nuclear war.

WHAT IS THE ROLE OF INDIGENOUS PEOPLES?

Indigenous peoples, everywhere, live on the lands that have yet to be exploited. Imperialist actions have forced indigenous peoples to make a living from the most inhospitable lands of the earth. These lands are now found to contain the minerals and resources needed for continued corporate growth and industrial 'progress.' As peoples with cultures and economies independent from the world economic system,

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indigenous peoples are a problem for national governments. To seduce corporate investment the indigenous people must be removed or silenced to make way for mines, dams, plantations and factories. Some indigenous peoples may be employed by these industries, but there are plenty of desperately impoverished people to take their place. For the most part, indigenous peoples are headed for the slums and ghettos of the starving millions to make way for industrial 'development.'

ARE THERE ANY ALTERNATIVES FOR INDIGENOUS PEOPLES?

The minerals and resources of indigenous territories are desperately needed by corporations and debt ridden national governments alike. If these resources are to be anything but a curse on indigenous peoples, actions must be taken to stop further industrial exploitation of their territories.

The finely tuned cultures and economies that have kept indigenous peoples alive for thousands of years may be their very tools for survival.

The first priority of indigenous peoples must be to remain independent from the world cash economy. Subsistence economies practiced by many indigenous communities, while not offering the material conveniences of the modern world, do provide for basic human needs. The temptations to join the consuming world are mostly only fleeting advertising images that will probably never be available to the majority of the world's people. The riches of the earth if carefully used can provide livelihoods for generations to come. If exploited for quick profit, the following generations may face untold horrors.

The internal organization, cultural beliefs and knowledge of the territory must play an important role in the indigenous struggle for survival. The more self-sufficient the community the stronger it can be. There are no survival manuals written with guarantees. Good sense and careful observation are the best tools. Information about specific corporations and national governments can be collected for use. Strategies and alliances between communities may be necessary. International organizations can provide pressure from the outside, but each community must be shrewd, willing and able to defend itself.

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