

## **PHI334 : Nov 10 LP - Overseas Political Commerce**

### **Introduction**

Today we are going to talk about the way in which politics and commerce mix when overseas interests come into play. I am here talking about when businesses internal to a country end up using their political influence to exert influence via the country onto some other country. We will look at some case studies of this in American and European history. But essentially, the structure is as follows:

Suppose there is a business called B. It participates in market M. It is based in country A. However, it obtains resources requisite for M from some other country, call it C. Now, suppose that the denizens of C decide they no longer want to give B the resources requisite for it to participate in market M. So, B, having pull in A, as we discussed last time via lobbying, uses A's military to force a political coup in C such that they once again provide B the resources it needs to participate in market M.

So, structurally, we can say that political interference overseas for the purposes of commerce is when a business or a corporation uses the force of one country to force another country to provide what it needs. History is replete with many such cases. Now, you might be wondering:

We are Americans here, so what does it matter to us that businesses do this? Certainly they do not do it in our country—we have never been forced by another country to trade with them. We fought England over it and won. When Japan tried to bomb us with Pearl Harbor, we responded by declaring war, which we, mind you, won. So, then, why does this matter?

It matters because if American companies engage in overseas force-based commerce activities, you or your loved ones are forced to participate in war. In other words, either you or someone you know, perhaps a couple degrees removed, will certainly go over there to fight. Military enrollment rates are down, and our force is a volunteer force. What do you think will happen when no one wants to serve and our government, pressured by AI companies, defends Taiwan against China since it is there that all the microprocessors are manufactured for GPU units vital to AI systems for operation? We are a progressive nation, so both women and men might get drafted. So, this is something that directly affects you, your ability to live a good life, since you might get drafted into the military to go fight an enemy that really is not your enemy, but an enemy for some industry, since they refuse to trade with them. Do you see it now?

Let us look at some case studies.

### **Historical Examples**

The history of global commerce is deeply entwined with the expansion of various multinational corporations, which in many cases operated with the explicit or implicit backing of their home governments. These corporations not only engaged in commerce but also played pivotal roles in the political and social landscapes of the regions where they operated. Here's an analysis of several such corporations and their impacts:

**Dutch East India Company (VOC):** The VOC was granted a monopoly

over Dutch trade in Asia and became the first company to issue publicly traded stock. It acted as a quasi-government in regions it controlled, particularly in the Spice Islands (now Indonesia), leveraging military might to dominate the spice trade. Its actions set a precedent for how corporations could wield power akin to states, often at the expense of local populations.

**British East India Company:** This company began as a trading body, but over time, it amassed military power and took on governmental roles in India. It regulated trade, conducted diplomacy, collected taxes, and maintained armies. This dominance contributed to significant events such as the Bengal Famine of 1770, showcasing the dire consequences of a corporation holding such power without accountability.

**United Fruit Company in Central America:** Often cited as a classic example of corporate intervention in government, the United Fruit Company's influence in Guatemala led to US backed coups to protect its interests. The term "Banana Republic" originated from such scenarios where the company's interests effectively dictated the politics of sovereign nations.

**Anglo-Iranian Oil Company in Iran:** The 1953 Iranian coup is a stark example of corporate influence on international politics, where the interests of the Anglo-Iranian Oil Company (now BP) and geopolitical strategies of Western governments combined to overthrow a democratically elected government to maintain control over oil resources.

**Mining Interests in Chile:** U.S. mining companies like Anaconda Copper played significant roles in the politics of countries like Chile. The support for the coup against President Salvador Allende in 1973 was partially motivated by the desire to maintain favorable conditions for U.S. business interests, including those in the copper industry.

**British Cotton in Egypt:** British control over Egyptian cotton was crucial for the textile industry in Manchester, reflecting a colonial pattern where European powers controlled raw materials in other countries to fuel their industrial growth, often at the expense of the local economies and political autonomy.

**Firestone in Liberia:** The Firestone Tire and Rubber Company's operations in Liberia involved a deal that allowed it to establish vast rubber plantations. These were often criticized for exploitative labor conditions, highlighting issues of corporate responsibility and the ethics of labor practices in foreign investments.

**Tech Companies in the Congo:** The modern demand for rare earth minerals for technology has significant political and social implications in the Democratic Republic of Congo. The activities of multinational tech companies in the region have been linked to local conflicts and political instability, reflecting the continuing pattern of corporations influencing foreign regions to secure resources.

### **What Does This Mean?**

It means that historically, this has been done before. It will be done again. Again, it might not seem like a problem for you. We are Americans and we are

the ones who do the coups, and not the place that gets one. But, as military volunteer rates go down, you very well might be a part of it.

Raise your hand if you have heard before that there is no draft in the United States. If you have heard this before, this is only a half truth. We presently do not have a draft, because we are an all volunteer military. However, there is no law that prevents a draft from being called. Moreover, all of you, if you are a male, are required by law to register with the Selective Service. This is a legal requirement for any male that turns 18. If you do not, you are technically committing a crime, and are further ineligible for many educational programs in the US.