The Internationalization of Capital in Agriculture

by Theodore E. Downing

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First scenario: Mrs. Olsen, a midwestern U.S. housewife, heard that a suspected Brazilian freeze would influence retail coffee prices.[1] A few days later, her local supermarket increased coffee prices five cents a pound. She complained that the coffee on the shelf must have been grown a year ago, how could the retailer profit on "old" coffee? A few weeks later, the world market prices for coffee dropped slightly after it was discovered that minimal freeze damage actually occurred. This time, the retailer failed to respond so quickly, leaving the five-cent increase on the shelves.

Second scenario: Five months before the harvest, Juan Valdez removes his sombrero and cautiously steps across the threshold of the local general store. Juan recounts his family's problems: an illness, a child away in the city who has failed to send money, and the burdens of his community obligations. Moreover, Juan fears he will be unable to pay the few laborers needed to pick his coffee. The storeowner halfheartedly listens, attending to other clients as the peasant rambles on. Juan asks for advance payment for his future coffee crop. The storeowner appears uninterested in Juan's request, bemoaning his own economic hardships, debts to suppliers in the city, inability to collect outstanding debts, and the undeserved envy from the less-fortunate members of the community. Negotiations continue. After a while the store owner agrees to advance credit on the producer's coffee crop, at 20%–30% less than what he anticipates will be its market value.

Few would deny that the lives of Juan Valdez and Mrs. Olsen are somehow linked through economic ties. It is not simply that millions of Mrs. Olsens make decisions that ultimately influence the Juan Valdeces' income, but that both are wrapped in social relations that are often determined by these economic relationships. To an undetermined degree, Juan Valdez's social welfare depends on the coffee resting beside the dozens of other commodities in Mrs. Olsen's shopping cart. Moreover, some might feel that Juan Valdez is being exploited by the rural storeowner or that Mrs. Olsen's retail store has taken some unfair advantage of a temporary price shift. Building on an approach emerging in political economy, I will outline a theoretical framework that attempts to encompass the social relations emerging from economic ties that stretch from international levels into the households of all of us. It will be shown that major changes in the arena of international capital directly influence the Mrs. Olsens and Juan Valdeces and command the immediate attention of social scientists concerned with the welfare of both. We begin on the production side of a commodity, work our way up to processes occurring in the internationalization of capital, review examples from the international coffee market, and then loop back to the ethnographic and anthropological implications of this approach.

Appropriation of Surplus Value. In simple production processes, labor power is purchased and used to produce a commodity. Then the purchasers of the labor power sell the products at a value greater than that paid to the laborers. Agricultural production is frequently complicated by multiple levels of middlemen who incorporate additional labor. The difference between the total value of all labor inputs and the value of the product reaching the consumer is called "surplus value." In other words, surplus value is the value of uncompensated direct labor incorporated into a product. Surplus value may be appropriated by landlords, middlemen, bankers, retailers, government organizations, and so on. Appropriation involves claiming the surplus value of another's work. The value of the labor power (called "variable capital") is determined by the average cost of maintaining and reproducing the worker and his family at a socially acceptable living standard (Gurley 1975:33). The rate of surplus value, or as it is also called, the rate of exploitation, is an important, measurable relation in Marxist economics.[2] The rate is calculated as the ratio of surplus value to variable capital. Or, as Gurley (1975:35) succinctly explains, "labor is exploited to the extent that a capitalist class appropriates privately what in fact labor produced."

An empirical analysis of the appropriation of surplus value involves four important dimensions. First, appropriation of surplus value is studied in the context of a specific product: steel, iron, tortilla making, coffee, bananas, and so on. For example, Serron (1980:Chap. 10) cites evidence showing that the average rate of exploitation in the Mexican paper and cellulose industry is 77.8%, in cement 140%, and in flour milling for wheat, 1,023%, wherein a 50% exploitation rate indicates that three hours out of a nine-hour working day are appropriated in the form of surplus value and that six hours are paid to labor in the form of wages. Second, labor appropriation occurs between classes in a production process. As production is simultaneously a political and economic process, the rates of surplus value may be used as an indicator of the relationship between classes in a particular political-economy. Third, the rates of surplus value are in a constant state of flux, which is the reason that Marx and his successors, such as Serron, refer to the *average* rates in their deliberations. And finally, labor must be paid at its value, otherwise surplus value cannot be privately appropriated.

Returning to the original scenario, the rate of appropriation of surplus value cannot be estimated between the store owner and peasant. Juan Valdez sells a nonfinished product that will have additional labor incorporated in it before it reaches Mrs. Olsen. Likewise, the U.S. retailer cannot appropriate the labor of Mrs. Olsen. Instead, he appropriates part of the surplus value from the labor of Juan Valdez and all others who assist in producing the final commodity. It should now be clear why the investigation of appropration of surplus value (or exploitation) in agriculture requires a rather complex analysis of the value of all direct labor right through the production-marketing chain: Juan Valdez and hundreds of thousands of his fellow coffee producers, middlemen, transnational corporations, processors, grocers, and finally consumers.

Thus, determining the actual rate of appropriation in agriculture demands more information on the product than can be collected at the local or "ethnographic" level. Given that all capitalist production involves appropriation of surplus value, then an interest in "labor appropriation" or "exploitation" in agriculture involves a discussion of *any* appropriation of unpaid labor that occurs in capitalist agricultural production. Few ethnographers have sufficient information to make such analyses. Data in the hypothetical scenarios, even if elaborated with more quantitative information, provide insufficient information to compute the rate of surplus value except with reference to locally produced and consumed products. In brief, it requires a merging of macrolevel and microlevels of analysis. Although most social scientists are familiar with microlevel changes, consideration of events and forces operating at the macrolevel requires different methodological concepts and tools. Fortunately, considerable theoretical activity is occurring in the analysis of international economic changes. While most social scientists are familiar with the work taking place in world system theory (Wallerstein 1974), I wish to focus on a related set of theories being developed that offers a potential bridge between the levels of analysis normally considered by social scientists who write in *Human Organization* and that of world economic events.

INTERNATIONALIZATION OF CAPITAL. The internationalization of capital theory, developed by the late Steven Hubert Hymer (1971, 1972), Palloix (1975, 1978), Barkin (1981a), Rozo and Livas (1979) and others (Cohen et al. 1979), postulates that qualitative changes have been occurring in the structure of international economic activities. These changes, which shall be referred to as the process of the internationalization of capital (IC), involve a modification and increase to a worldwide scale of production and a shift in the loci of capitalist decisions away from the nation-states to the international level. The internationalization of capital is a process that has neither nationality nor commitment to a particular commodity or industry. In an endless quest for accumulation, capital shifts from iron smelting to gold, to rubber, to petrochemical plants, and to other sources of investment. Likewise, this restlessness takes place on a spatial level, with capital moving from Kenya to Mexico to the United States and so on. Financial capital plays a key part in this movement, with investment and development loans to nations, transnational corporations, and individual capitalists being the mechanism for much of this capital movement.

Their destinies interlocked, transnational corporations, nation-states, and individual capitalists simultaneously compete and cooperate for international capital. Most nation-states have become willing partners in a form of generalized reciprocity. National capitalists attempt to maintain stable political power and profitable investment conditions for international capital. To achieve such conditions, they must continually attempt to reduce worker/capitalist conflicts, keep supply lines open to outside extraction of their natural resources, and increase the productivity of labor. In turn, nation-states depend on international capitalists to finance ambitious development plans that might otherwise exceed or deplete the nation-state's limited capital reserves. Unless mistakes are made, increased investment of international capital at the nation-state level augments international capital accumulation.

Accumulation of international capital follows the same "laws of motion of capital" that Marx and other political economists have found to operate at the level of the nation-state. For example, one fundamental requirement of capitalistic development is expansion through the appropriation of surplus value from marginal labor and the opening of new markets. Marginal labor, in this case, refers to those who are not deeply embedded in the world economic system. The products produced by subsistence farmers, fishermen, and herders isolated from the development process do not generate capital, since little of their labor may be appropriated and reinvested in the economy. Conversely, marginal producers cannot actively appropriate the surplus value produced by others. No matter how productive their economic activities may be, when measured with reference to their own needs and markets, these activities have only marginal value to the larger system.

International capital may also be accumulated at a faster rate than national capital. In a perpetual cycle, surplus value may either be (1) consumed, (2) used for maintenance of the production system, or (3) accumulated by being reinvested to produce more capital. Consumption and maintenance requirements of international capital appear to be low, since the costs of reproduction and overhead of this form of capital are often paid by the nation-state or from the surplus value accumulated by national capitalists. If the favorable conditions of a particular nation-state change, international capital may be reinvested in other nations. Thus, a critical difference between international and national capital occurs in the relative importance of these three options. In contrast to processes that allow the accumulation of capital at the national level, the process of internationalization of capital gains strength by operating with a low overhead, benefiting from the vast overhead paid by the nation-states competing for deeper emergence in the process. To ensure accumulation, international capitalists need not defend land masses, maintain armies, build roads, train teachers, or support bureaucracies to administer taxes.

Unlike critics of TNC and dependency theorists, who argue that capital accumulation primarily results from nation-states competing with nation-states and transnational corporations, the theory of internationalization of capital affords a deeper, more sophisticated perspective. The process of internationalization of capital directly influences both developed and developing nation-states, *decapitalizing both*. Rather than create false dialectics between the North and South, developed and underdeveloped, a focus on the internationalization of capital recognizes the inherent weaknesses of all nation-states within the context of a transformation of the world economic system.

From an evolutionary perspective, the theory suggests that a process is underway by which most nation-states are losing control of the destiny of their own workers, or to be more precise, the right to appropriate the surplus value from their own work force. Beginning in the 16th century with the emergence of the European-based world economy, control of Third World populations has been based on control of the money capital, with transfers of capital injected into the dominant or core national economies from abroad. Value was extracted from weakly articulated colonial economies by purchasing raw materials, processing them in the mother country, and then returning part of the finished products for sale to the colony. The rate of accumulation of surplus value was limited by the internal dynamics of the mother country and the ability of colonial markets to absorb the products so produced.

Following the Second World War, the rate of international integration of economic activities accelerated. International trade rapidly expanded, increasing the level of international indebtedness and interdependency. This period was followed by an expansion of direct foreign investment through aid programs, international development banks, wealthy private entrepreneurs, individual establishments, and transnational corporations. These avenues of capital penetration increased the efficiency of the internationalization process, permitting capital accumulated in one nation to be reinvested in another, often without the need to be repatriated in a "home" country. But the internationalization of capital has also been characterized by a shift in investment activities into areas previously reserved for national or regional capital, the realm of productive capital. Most significant has been the relatively recent shift of international capital into the domestic food sectors of developing countries, supporting the emergence of strong, internal markets within a particular nation-state whose product may be withdrawn and become international capital. Productive capital investments increase the ability of the local-level economies to produce surplus value by modifying the forces of production and converting many of the former subsistence producers into wage laborers and part-time farmers.

Competition leads to an international division of labor based on *differentiation* and *standardization*. Standardization involves several simultaneous subprocesses, including (1) the conversion of workers of different nationalities into an international work force whereby laborers in one country may be rapidly and efficiently substituted for another, (2) setting of internationally accepted gradings and ratings of commodities so that differences in the quality of commodities become less important in their pricing, and (3) support of mass-production techniques. Differentiation emerges side by side with standardization, and involves nation states becoming suppliers of specialized products in a world market that includes other competing specialized producers. At the same time, the nation-state increasingly depends on the importation of specialized products. Ultimately, the nation-state faces a dilemma. Unfavorable internal conditions of wages and interest rates may make the nation-state uncompetitive in the world market, thereby decreasing its opportunity for capital accumulation through trade. At the same time, its lack of, or inability to produce, specialized imports limits its continued internal expansion and growth, forcing it back into the international market. Although some nation-states are capable of temporarily resolving this dilemma in their favor, the ultimate result is the shift in the loci of decision making away from the nation-state into the international realm.

From yet another perspective, the internationalization of capital leads to supranational competition for labor and surplus value. From this perspective, international commodities markets not only move commodities, but also decide the fate of thousands of laborers throughout the world. Seemingly unimportant price changes and decisions in international investment ultimately make and break social relations of production at the individual and human levels of social behavior.

Finally, advocates of the internationalization of capital note that the social relations of international capital correspond to hierarchical organization of labor, which Hymer calls "pyramids of power" (Cohen 1979). Labor becomes more homogeneous at the upper management levels of the pyramid. Owners and managers of international capital tend to have more in common with each other than their national managers, who, correspondingly, have more in common with one another than the productive workers in the factories or fields, and so on. In a similar manner, vertical as opposed to horizontal flows of information are favored, and decision making follows a similar pattern. Thus, workers receive orders and report to bosses, these bosses to national capitalists, and national capitalists to international capitalists. Moreover, transfers of information within the same groups (horizontal flows) decrease as one nears the bottom of the pyramid. Horizontal flow of information or resources are limited and sometimes receive negative sanctions from superiors.

IC in the Coffee Industry. International food commodity markets offer an excellent situation for investigating the linkages between the process of internationalization of capital and microlevel behaviors. In the rise to hegemony of European colonialism, the development of agricultural commodity markets became one of the initial avenues for the investment of international capital. For a commodity market to attract capital, it must provide many buyers and sellers with speculative, but not highly risky, opportunities. An active agricultural commodity market must approach three ideal conditions: product standardization, low elasticity of demand, and absence of monopolistic control.

These conditions are not as technically complex as they might appear. Commodities are usually bought and sold on futures contracts, wherein buyers agree to purchase a future quantity of a commodity at an agreed upon price. In reality, few of the buyers and sellers ever physically handle or take delivery of the commodity. To facilitate such remote transactions, commodities are standardized through grading or classing. Standardization has a direct impact on the appropriation of surplus value. Although the producers may recognize important qualitative differences in their products, standardization tends to erradicate the importance of such differences in the marketplace, especially when the products are traded in commodity markets located thousands of kilometers from the farm gate. When standardization occurs in international agricultural commodities, it negates attempts on the part of the producers to claim a higher price (and more value for their labor) on the basis of national, regional, or local differences in product quality. Differences that are not recognized in the grading system become quantitatively irrelevant.

The second characteristic favored for an active commodity market is a low elasticity of demand, meaning that the supply of the commodity entering the market will be slow to respond to price changes. If a quick response occurs, then the market tends to become unstable and unattractive to investment activities. But "instability," from the producers' point of view, is not necessarily bad, since the producers may gain in unstable markets by rapidly adjusting their supply to market demand. High elasticity of demand undermines a key characteristic of futures markets, that is, speculating on a difference between current and future prices.

Finally, the emergence of monopolistic control in a commodity market decreases the attractiveness of the commodity to investment capital, since strong control of either supply or demand reduces price fluctuations that provide speculators with the hope for profit. In an active market, the remaining uncertainties come from uncontrollable forces, primarily climate and political instability. Ideally, the market rewards entrepreneurs for risking their capital under such uncertainties.

Coffee proves to be a particularly important international commodity. Along with tea and sugar, it is one of the earliest internationally marketed commodities. From its relatively obscure beginnings in the 16th century as a medicinal beverage consumed in Yeman and East Africa, European entrepreneurs were able to create an incipient demand for the beverage. An argument similar to that made by Mintz (1979/80) for sugar could be made for the importance of coffee to the industrial expansion of Europe; that is, it provided the emerging European working class with a processed substitute for traditional dairy products in their new industrial diet. Coffee production and consumption provided capitalists with profits from home and abroad. A child of colonial expansion, coffee cultivation spread rapidly into South and Central America, forming the mainstay of the emergence of agrarian population of primarily small producers. Today, coffee is the most valuable food commodity transacted on the international market. In 1978, over $12 billion worth of imported coffee moved through the world economy, ranking second only to petroleum in its importance as an internationally traded commodity (United Nations 1980:180).

A highly labor intensive crop, coffee is produced under a variety of social relations of production, ranging from large plantationlike farms in Brazil to very small peasant production in Mexico, Costa Rica, Ivory Coast, Indonesia, and Uganda. Throughout the world, coffee producers incorporate unpaid family labor into their product. Poverty is as common an ingredient to coffee production as sugar is to coffee consumption.

Before the suspension of coffee commodity trading during the Second World War, the international coffee market operated more or less in the manner described above for an active commodity market. Product standardization was achieved, supply was relatively inelastic, and monopolistic control was minimal. Marketing took place primarily through two commodity markets in London and New York. On the processing side, hundreds of small coffee roasters and small stores supplied local and regional markets in the United States, which consumed over 60% of the world's coffee. The producing countries, located primarily in Latin America, were relatively weak coffee consumers. Small internal markets meet local needs either by direct producer-to-consumer sales (and therefore a relatively low level of appropriation of surplus value), or by regional and national small-scale processors.

After the Second World War, the international coffee market began a major transformation reflecting an increased intensity of competition for international investment capital, which now had many other avenues for profit making outside of food and other commodities. Internal competition for the consumer's purchased-beverage dollar seriously decreased demand in the United States. Although it remains the largest single food item imported into the United States (nearly $4 billion a year), coffee demand has been steadily declining. In 1960, U.S. consumers annually consumed 35.7 gallons of coffee per person. By 1978, this consumption had dropped to 24 gallons (Moskowitz, Katz and Levering 1980:18). This decrease has been the result of extremely successful competition by soft drinks, with annual consumption of the latter leaping from a mere 12.3 gallons per capita to 36 gallons during the same period. Further problems beset the industry from abortive attempts of producing countries to control supply by either forming cartels or stockpiling coffee.

In response, the industry attempted to prevent declining earnings by diversifying its marketing to European, Japanese, and developing countries' consumer markets. Whereas four developed countries imported about 84% of the world's coffee bean production in 1960, by 1978 the same four imported only 63% (Barkin 1981b). Declining demand and increased competition also led to increased concentration in the national processing industries. During the same period, diversified international companies began a process of mergers and absorption of small processing plants in the developed countries. Of 250 processing plants operating in the United States during 1960, only 40 remained after 18 years. Similar concentration occurred in Europe. Two companies, Nestle and General Foods, continued to expand their markets. Other transnationals have entered the market by displacing smaller companies, with the most notable entries being made by Procter and Gamble, Consolidated Foods, Standard Brands, Coca Cola, and Brook-Bond-Leibig. This pattern of concentration is higher among instant coffees than among ground coffees. By 1978, the two corporate giants in coffee, Nestle and General Foods, held about 75% of the world instant coffee market.

The large coffee and food conglomerates not only diversified their markets in the developed countries, they began a serious attempt to control and expand the coffee market in developing countries. The four leading coffee corporations opened 116 subsidiaries in 1976. Two-thirds of these operate in developing countries (Barkin 1981b), and 50% belong to one transnational, Nestle. Using well-financed advertising, the common strategy was to purchase successful roasters in a developing country, maintain the product's national identity, and increase market penetration through national promotion campaigns.

The industry also responded to increased competition by spreading supply sources to producing countries. This process involves the geographical diversification of supply sources, specifically to countries with less-costly labor. This subtle process has had an impact on both producers and consumers. Coffee is a blend of different quality coffees. Although the quality depends on many factors, a variety called "robust," which is primarily produced in Africa, is generally considered to be of high acidity and low quality, capable of being a base in the toaster's blend but almost unpalatable to most American consumers without blending it with the more-expensive milder varieties from Latin America.

Since 1947, transnational coffee blenders gradually increased the proportion of robust coffee in their blends (Table 1). From the consumer's point of view, this increased acidity (although it can be more effectively disguised in instant coffee and coffee adulterated with cereal additives—the so-called "Grandmother's Grain" addition to cut the bitter taste). Given that coffee is a labor-intensive crop, the shift from higher-quality Latin American coffees to lower-quality African robust coffees can primarily be explained in terms of preference of competitive international capital to obtain the cheapest coffee on the market (reflecting lower labor costs in African coffee production). The mechanism operating here is the diversification of suppliers and the standardization of the product itself. Robust coffee, moreover, is also produced in Latin America, but at a higher labor cost. Naturally, the quality of the roasted product decreases with this transformation. From the perspective of the internationalization of capital process, it meant that increased appropriation of labor occurred in Africa more than in Latin America. Therefore, that portion of international capital involved in the coffee commodity market shifted to African-produced coffee, increasing the rate of accumulation of international capital.

From the coffee producers' perspective, the shift meant that African and Latin American coffee producers were indirectly competing, an indication of the process of internationalization of capital in this world commodity market. Subsequently, the base of the pyramid of power was extended, reducing the risk to international capital by diversifying the product's sources to a broader, international peasant labor force. Such a labor force is less likely to organize and strike. By and large, they are even unaware of their fellow laborer's existence. Such a class—in-itself, not for-itself—is politically more stable than a potentially unified nation-state peasantry of coffee producers. National capitalists, dependent on the appropriation of surplus value from their own producers, made several abortive attempts to organize OPEC-like cartels, but inherent competition between them limited their cooperation.

A standard economic description might summarize the above by stating that the coffee industry was transformed by

TABLE 1. CHANGING IMPORTATION PATTERNS OF GREEN ROBUST COFFEE INTO THE UNITED STATES

(thousands of sacks/year)

Year	Robust coffee	Total imports	% of robust	5-year average
1946	0	20,699	0.0	
1947	0	18,907	0.0	
1948	318	20,971	1.5	1.4
1949	368	22,105	1.7	
1950	703	18,440	3.8	
1951	705	20,357	3.5	
1952	767	20,273	3.8	
1953	856	21,065	4.1	4.9
1954	1,041	17,092	6.1	
1955	1,367	19,642	7.0	
1956	1,837	21,254	8.6	
1957	2,188	20,860	10.5	
1958	1,986	20,169	9.8	9.9
1959	2,043	23,270	8.8	
1960	2,606	22,091	11.8	
1961	3,350	22,404	15.0	
1962	4,051	24,549	16.5	
1963	4,045	23,893	16.9	18.62
1964	4,727	22,892	20.6	
1965	5,139	21,347	24.1	
1966	5,994	22,063	27.2	
1967	5,433	21,312	25.5	
1968	6,970	25,379	27.5	26.96
1969	5,223	20,233	25.8	
1970	5,681	19,732	28.8	
1971	5,967	21,655	27.6	
1972	5,124	20,769	24.7	
1973	5,742	21,789	26.4	26.88
1974	6,144	19,243	31.9	
1975	4,826	20,289	23.8	

Source: U.S. Coffee Consumption 1946–1976. U.S. Dept. of Agriculture, p. 9.

simultaneously diversifying supply lines, expanding into new markets, and reducing costs of production, all of which are true. But from the perspective of the internationalization of capital, the summary would be expanded to mention other processes at work: standardization, differentiation, and changing product quality by shifting to less-expensive labor sources. Of these processes, the most interesting, from the perspective of the appropriation of surplus value, is that of standardization/differentiation. As the market has evolved, standardization of products, through grading and pricing, reduces the producer's ability to argue for increased value for his product on the basis of differences that were recognized by local-level markets, thereby increasing the amount of his surplus value appropriated by others. After the product passes through the wholesale market, the processors and retailers take a standardized product and once more differentiate it, by stressing taste, packaging differences, and advertising so as to reintroduce price differences to the consumer, thereby increas-

TABLE 2. IMPORTANCE OF WAGE LABOR AMONG COFFEE PRODUCERS

	N	%
Neither buy nor sell labor	362	34
Buy labor	350	33
Sell labor	186	17
Buy and sell labor	175	16
Total	1073	100

Source: Direct interview, CECODES-CONACYT-INMECAFE survey, 1976–78.

ing the value of the product and once more increasing the amount of surplus value appropriated from the producer and all other labor incorporated in the production/processing/distribution process. It is at the level of these standardization/differentiation activities that the explanation of appropriation of surplus value lies, rather than at the checkout counter of Mrs. Olsen's supermarket or in the doorway of Juan Valdez's local buyer.

MICROLEVEL CONSEQUENCES. Although we lack studies comparing the global microlevel impacts of such macrolevel effects of the IC process, we can be reasonably certain that the process of internationalization of capital has notable consequences on more microlevel organizations and regional systems such as those commonly studied by field social scientists. Nonetheless, in a recently completed national survey of 1,073 Mexican coffee producers, Margarita Nolasco, David Barkin, Ivan Restrepo, Ron Nigh, and I have begun to isolate some of the forces operating within a nation-state. Together, we have discovered that surplus value was appropriated in at least four different types of structures in the Mexican hinterland (Downing 1980). The structures can be indicated by focusing on one of their dimensions, the degree of entry of coffee producers into the Mexican wage-labor market (Table 2).

Over one-third of the Mexican coffee producers did not enter the labor market, either as sellers of their own labor or buyers of others' labors. According to the preceding definitions, the labor of this group cannot be *directly* appropriated, even though they produce a limited quantity of coffee that ultimately brews in Mrs. Olsen's pot. A third of the producers purchased the labor of other workers, thereby having the opportunity to appropriate some of the surplus value of others. Yet another 17% could not gain sufficient income on their coffee farms to reproduce the below-average standard of living that characterizes most Mexican coffee producers without working part-time as wage laborers, mostly in other agricultural activities. And a fourth group both bought and sold their labor at different times of the year.

Distinct socioeconomic patterns were found for each group, ranging from their inability to accumulate capital to differences in income levels, political participation, and so on. One of the most interesting discoveries, from the perspective of the appropriation of surplus value, was that those involved in the capitalist economy tend to use their own family's unpaid labor more frequently for coffee production than those less involved in the wage-labor economy (Table 3). Two-thirds of the coffee producers used unpaid family workers in the coffee fields. However, the proportion of those who were more deeply immersed in wage-labor activities showed a disproportionately higher frequency of producers using unpaid family workers on their own farm (73%) than those who were not involved in the wage-labor market (53%). This suggests that use of unpaid family labor in coffee production increases with a household's entry into the wage-labor market as a purchaser of labor. Moreover, a closer examination of the data demonstrates that among the capitalist-oriented producers, appropriation of family labor occurs more frequently among those who also have to sell their labor (81%) than among those who buy (70%) or both buy and sell (70%) their labor (Table 4).

The potential validity of local-level studies became apparent when it was discovered that nonmarket factors influence the rate of appropriation of surplus value. Anthropologists are aware that a particular family may shift back and forth from being a member of one appropriative structure to another throughout its developmental cycle. For example, a nuclear family may move from a labor deficit situation to a labor self-sufficient situation to a labor surplus and then back to a labor deficit situation as it matures. Likewise, producers endowed with better land show higher productivity, thereby decreasing the degree of appropriation of surplus value. Thus, microlevel events in the domestic unit of production may have cumulative effects on the general rates of appropriation of surplus value in the larger system, and the modeling of the entire system will require corrections and development of the concept of appropriation at all levels of analysis.

To summarize, the rate of appropriation of surplus value varies among structures of production. Variation of the rate occurs not only between different commodities but also for the same commodity produced under different historically specific

TABLE 3. IMPORTANCE OF FAMILY LABOR AMONG DIFFERENT TYPES OF COFFEE PRODUCERS

		Use of unpaid family labor	
		Yes	No
Enter labor market as buyers and/or sellers of their labor	No	194	168*
	Yes	516*	195
Totals		710	363 =
X2 = 38.61 1 df sig > .001		1073 producer families	

* Indicates observed values were higher than expected.

TABLE 4. IMPORTANCE OF FAMILY LABOR AMONG MORE CAPITALISTIC COFFEE PRODUCERS

	Use of unpaid family labor			
	Yes	No	N	
Buy labor	244	106*	350	
Sell labor	150*	36	186	
Buy and sell labor	122	53*	175	
Total	516	195 =	711	producer families
X2 = 8.24 2df sig > .05				

* Indicates observed values were higher than expected.

circumstances. Such variability offers an interesting scientific problem. Investigators of agrarian systems may not only seek to determine the structure of appropriation of surplus value but also quantify and compare the average rates of different structures.

DIMENSIONS OF A THEORY. Merging the three levels of discussion—Mrs. Olsen, internationalization of capital, and Juan Valdez—leads to a global view of appropriation of surplus value in agriculture. In sharp contrast to traditional macroeconomic theories, the development of the internationalization of capital theory and its associated theory of appropriation of surplus value requires historically and culturally specific information. This approach is highly compatible with the ethnographic and historical methods commonly used by anthropologists. New questions and answers come forth. What factors increase or decrease the rates of appropriation of surplus value in specific agricultural systems? How do we explain the emergence of different patterns of the appropriation of surplus value within the same commodity sector? How do the ecological and social conditions of a local or regional setting influence the process of penetration of international capital? What microlevel behavior and strategies accelerate or retard capital accumulation from the perspective of the internationalization of capital process? How do international commodity markets and agreements influence the differentiation and specialization of international labor? What national and local strategies emerge among human organizations for coping with such changes? Yet others, which are nearing the internationalization of capital framework discussed above, are beginning to suggest how patterns of seasonal wage labor are increasing wealth differentiation at the local level (Wiest 1979), or how different precapitalistic organizations of production differentially influenced the structure of appropriation of surplus value itself (Chance 1981).

Although we are far from formulating a coherent theory, I would like to suggest six dimensions that should become part of an internationalization of capital theory, as it is developed by more microlevel investigations.

1. One dimension of the theory will be its ability to predict capital flows between different geopolitical structures and classes. The framework suggests that productive capital tends to move in the direction of the highest levels of appropriation. As Marx demonstrated, this movement can only be temporary, since excessive investment eventually increases production, thereby increasing supply and lowering profits, which encourages the flow of capital out of the particular geopolitical structure in search of better alternative investments. A test of this proposition would be a study that indicates the anticipated flow of capital between different productive activities, based on the determination of relative rates of appropriation of surplus value in different productive processes. Such predictions can be compared to actual capital movement to either confirm or reject hypotheses.[3]

2. A second dimension to the theory would be a consideration of the hypothesis that the penetration of productive capital increases the efficiency of extraction of surplus value from an economy more than the penetration of commercial capital. It is expected that the development programs, which are sponsored by international capital, will emphasize the development of productive capital, such as a shift to hybrid seeds, increased reliance on agricultural credit, and extension services, which would lead to higher rates of appropriation of surplus value than commercial capital programs that increase the consumption of goods. Thus, IC theory challenges the assumption that agricultural development programs aimed at increasing the efficiency are ethnically neutral actions. Depending on the situation of local, regional, and national political economies, such activities may increase the rates of appropriation of surplus value of food producers. IC theory requires the development-oriented social scientist to consider the exploitative consequences of the development of agricultural productive forces on the production and appropriation of surplus value.

3. The framework would consider the proposition that the expansion of international capital will ultimately decrease the control that nation-states exercise over their laboring populations. The degree, type, need, and costs of such control vary between and within nation-states. They also appear to vary between classes. Serious efforts must be made to measure and compare (1) the degree of control; (2) reliance of producers on international capital; and (3) isolation of certain classes, regions, and productive sectors from the internationalization of capital. Historically specific studies will suggest the dynamics and pattern of such shifts in control.

It will also be noted that the theory suggests both cooperation and conflicts between national and international capitalists. Penetration of capital into previously isolated labor markets appears to increase cooperation of national and international capital. Cooperative movements may arise among agricultural producers who are newly integrated into the international market. Yet the ultimate demise of national capital may actually be delayed by an internal expansionist policy which increases capital accumulation of both entities. National and international capitals jointly, but *temporarily*, reap the benefits of an expanding area of appropriation of surplus value. As the process of decapitalization completes its cycle, cooperation turns to competition as conflicting groups in a productive sector scramble to defend their share of surplus value. Preliminary work suggests that such cooperation/conflict cycles are related to changes in world prices of commodities and lead to major structural realignments of both the public and private sectors (Downing 1980). From this perspective, some regional development projects contain internal contradictions: they increase the capital accumulation at the supranational level while, at the same time, they threaten national autonomy and surplus accumulation.

4. It is anticipated that supranational ideologies, by supporting the internationalization of capital, will gain strength as this process becomes increasingly embedded in the development process. Examples from agriculture escape me, but the intellectual framework of the Club of Rome and philosophies being supported by international business schools fuel this ideological engine. It might be anticipated that existing pannational ideological organizations, such as Islam and Catholicism, will gain strength from an alliance with the momentum of the IC process. More importantly, investigations of the emergence of such international ideologies might foreshadow political movements that are likely to accompany the maturation of the IC process.

5. Continuing on the applied front of this emerging theoretical framework are the development of measures of the sen-

sitivity of particular agricultural communities and regions to changes in the flow of world capital. Where peasants produce export crops, it would be helpful to have measures of sensitivity of local staple food production and prices to changes in the international prices of the key export commodity. Dan Early (1978) has provided a positive demonstration of the sensitivity of maize prices to coffee prices in a Veracruz coffee-producing region. In a similar vein, the substantial number of social scientists who are interested in the study of migration might find that rural-to-urban migration appears equally sensitive to international commodity prices in agricultural regions that produce heavily for export.

6. Finally, IC theory reemphasizes the importance of class identity and actions in both the maintenance and the transformation of social systems. Social actions that were previously considered to be dissimilar, such as consumerism, environmental protection, conflict, violence, and revolution, are all part of a common pattern that may retard the rate of international capital accumulation. The emergence of such anticapitalistic reactions not only seriously threatens the accumulation of international and national capital, but also exacts a real cost to those who accumulate capital. The relative importance of these forces in retarding or stimulating capital accumulation, through appropriation of surplus value, needs serious consideration.

IMPACT ON ANTHROPOLOGICAL THEORY. The internationalization of capital theory recognizes that the forces that have brought about qualitative changes in the subject matter of anthropology in the past are still operating in the present. The framework refocuses theoretical attention on the importance of qualitative changes in human behavior. New coping behaviors and the emergence of new adaptive strategies invariably accompany adjustments to new risks and uncertainties of the emerging order. Just as the theoretical structure of the discipline has undergone profound changes as tribes and bands have disappeared, so also might the internationalization of capital theory force a reworking of peasant studies. For example, some observers are claiming that the process will bring about the eventual demise of peasants (Feder 1977), while to others it may only suggest a restructuring or transformation of a stratum of agrarian societies (Esteban 1978; Stavenhagan 1981).

The emerging IC framework also challenges the insular organization of anthropological studies. The theory suggests that contemporary national, regional, and local peasant studies that fail to consider the activities of international capital may conceal key forces influencing their investigations. A recent example of the dangers of avoiding such broader, capital considerations is occurring among anthropologists working in the Mexican "testing ground" of economic anthropological theories, the state of Oaxaca in southeastern Mexico. After 20 years of research, few of these ethnographers recognize, in print, the importance of coffee to the health of the state economy. Coffee represents Oaxaca's most valuable agricultural commodity, exceeding that of what many consider to be its primary product, maize. In their rush to understand the traditional market place, even the more critical economic anthropologists (Cook and Diskin 1976) failed to discover that coffee production and the international value of coffee are as important to Oaxacan peasant livelihood as the price of automobiles is to the Michigan economy.

Finally, be it in Oaxaca or elsewhere, the theoretical framework that has been outlined helps avoid what might be called a "bugaboo" approach to the uncritical examination of the associated concept of "exploitation," wherein a discussion of exploitation in agriculture searches for "exploiters" and "exploited," for storeowners, Mrs. Olsens, and Juan Valdeces rather than an explanation of appropriation of surplus value itself. Bugaboos haunt the anthropological literature: Mexican caciques (Bartra 1975), Indian and Salvadorian landlords (Mencher 1981; Diskins 1981), transnational corporations, and development agencies such as AID and the World Bank. In contrast, the objective of the investigation of the internationalization of capital process and appropriation of surplus value is explanation, not denunciation.

NOTES

[1] I express my sincere appreciation to Richard Adams, David Barkin, Peggy Barlett, John Bennett, Thoric Cederstrom, John Chance, Tim Finan, Eric Henderson, Rex Hutchens, Jerry Moles, John Poggie, Carlos Rozo, Levi Sutro, and Alvin Wolfe for their thoughtful, critical comments on this discussion. I regret that I was unable to resolve the many internal contradictions in their views on this topic and look forward to their responses to the shortcomings of my summary.

[2] Some Marxists will undoubtedly object to my preference for the use of the terminology "appropriation of surplus value" rather than the use of the expression "exploitation." Let there be no confusion. To appropriate is to exploit. The former terminology shuns certain value-laden connotations of the term "exploitation." Yet I realize that the rather narrow, political-economic definition of surplus value inadequately describes the multitude of sociological connotations commonly associated with the concept of exploitation. At least two other equally valid meanings may be assigned to exploitation, each implying a different methodology for their investigation and different theoretical constructs. First, exploitation may refer to an unequal social relationship, whereby an individual, group, or class engages in unequal reciprocity with another. Under such conditions, it is perfectly reasonable to anticipate that the exploiter (appropriator) may materially benefit from such exchanges at the expense of the exploited (appropriated), a situation which might be demonstrably exploitative. Unfortunately, under some conditions, people willingly enter into exploitative relationships, allowing their labor to be appropriated in exchange for job security, or respect, or "meaningfulness." Yet another connotation to exploitation occurs when it refers to individual, group, or class immiseration. To exploit means, in this case, to create poverty and inequality. Unfortunately, such a broad perspective might be poetically and intuitively pleasing, but encounters serious difficulties when attempts are made to operationalize it in a historical or cross-cultural context. Thus, the terms exploitation and appropriation should only be used interchangeably with caution, not because they denote different phenomena, which they do not, but because of the associated value-laden baggage associated with the concept of exploitation itself.

[3] Mistakes discovered in such studies in capital flows might be attributed to either the failure of the theory or the failure of specific individual or corporate investors to "read" the market. An economic theory of "mistakes" needs to be developed that would draw parallels between business and investment errors and "slips of the tongue" such as were used by Freud to study the human psyche. Such mistakes or "slips" might suggest underlying rules of capital that have been violated by the behavior of the capitalist.

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