

Notes and References

1 Introduction

1. International Economic Studies Institute, *Raw Materials and Foreign Policy*, 1976, serves as an example of this line of analysis.
2. An example of this line is Mikdashi (1976).
3. Pindyck (1977), p. 356.
4. Wyant (1977), p. 2.
5. *Ibid.*, p. 2.
6. Caves (1982), p. 234.
7. See for example Samuelson (1973), p. 483.
8. 'The Charter of Economic Rights and Duties of States', *UN Monthly Chronicle*, 12, no. 1 (June 1975), p. 108–18.
9. Mikdashi (1976), p. 116.
10. Particularly if co-operation creates a stronger monopoly over source than had existed before.

2 The Aluminium Industry: A Descriptive Profile

1. Sampson (1975), Turner (1978) and Wyant (1977) to name but a few.
2. Information in this section is based on *Aluminium by ALCOA* (1969), Brubaker (1967), Farbin and Reibsamen (1969), Narvin (1978).
3. Information in this section is based on *Aluminium by ALCOA* (1969), Brubaker (1967), Farbin and Reibsamen (1969), Carr (1952), Peck (1958), Stocking and Watkins (1946), and Wilkins (1974).

3 A History of the Aluminium Industry's Cartel

1. The terms 'foreign policy' and 'international diplomacy' are applied to MNCs in the manner adopted by Alger (1977) in speaking of non-governmental actors.
2. The company history written by ALCOA public relations man, Carr, is particularly amusing on this point:

ALCOA's management decided that it was not equipped to develop foreign markets, and that this could be done adequately only by a foreign corporation devoting its major activities to the task . . . This voluntary decision on the part of ALCOA to devote itself to the United States market was, as we have already said, inspired to some extent by the amazing acceptance aluminium received in this country in the twenties (Carr, 1952, p. 191).

No mention is made of the cartel or the Consent Decree. It strains credibility

that ALCOA spun off a good share of its business for no other reward than to create another competitor.

3. Hoffman (1974), p. 147.
4. In his conviction of ALCOA as a monopolist, Judge Hand ruled that 90 per cent of the ingot market represented a monopoly. Dealing then with the slippery notion of what monopoly power is, the Judge suggested, 'It is doubtful whether sixty percent (of the market) would be enough'. (Quoted in Peck (1958), p. 12.) Hence the reification of 60 per cent.
5. The company's account of these events again attributes ALCOA with the loftiest of intentions:

. . . the Company's fight against subsidies and other socialistic suggestions, plus its liberal attitude toward competitors who acquired the plants, did much to bring about the present competitive conditions in the industry (Carr, 1952, p. 264).
6. Wilkins (1974), p. 297
7. Marvel (1980).
8. *The Economist*, 1978, p. 97.
9. Ibid.
10. In brief, Lenin argued the capitalist firms like capitalist nations are too competitive to forge long-term agreements. Kautsky in describing 'ultra-imperialism' emphasised co-operation among firms in global cartels. For more see Holloway (1983).

4 The Third World Bauxite Producers

1. Wilkins, p. 11.
2. US Bureau of Mines, August 1954.
3. Wilkins, p. 254.
4. Graham, p. 96.
5. Graham, p. 98.
6. 'Guyana to Nationalize ALCAN Subsidiary, after Failure to Work out Joint Venture', *Business International Latin America (BILA)*, 1971, p. 74.
7. Graham, p. 101.
8. Graham, p. 101.
9. 'Jamaican Guyanese Politics on Bauxite – Contrasting Expression of Nationalism', *BILA*, 1971, p. 239
10. *Guyana: A Decade of Progress*, 1974.
11. *Metal Statistics*, 1976.
12. 'Nationalism Closeup: How Guyanese Takeover is Faring Five Years Later', *BILA*, 1976, p. 199.
13. Graham, p. 204.
14. Graham, p. 103.
15. Graham, p. 105.
16. 'Towards Increased Co-operation in Bauxite Development', *Proceedings of the International Conference on Bauxite*, Jamaica, December 1980, p. 123.
17. Further information see Mitchell (1968), Kuper (1976), Girvan (1971).

18. Girvan (1971), p. 15.
19. Kuper (1976), p. 17.
20. Mitchell (1968), p. 135.
21. Kuper (1976), p. 129.

5 The Impact of the Bauxite Levy on Company Profits

1. *General Assembly Official Record*, 27th session.
2. Clarfield *et al.* (1975), p. 123.
3. *Ibid.*, p. 124.
4. For complete profiles on each metal see Steven Holloway, *Do Multinational Corporations Benefit from Government Cartel Formation?* unpublished Doctoral Dissertation, Ohio State University 1979, ch. 3.
5. Intersubstitution of the two metals was considered, but rejected as not important to the study for several reasons. First, in many of aluminium's container, aerospace, and nautical uses, copper's chemical properties make it unfit as a substitute. Even in the area of electrical uses, the two metal's properties are significantly different (conductivity and weight) and prevent them from being considered perfect substitutes. Second, whatever substitution might occur, it is unlikely to be observed in the short time frame of the study, 1974–8. And third, to the extent that consumers might switch to copper after aluminium prices increase, profits in aluminium would decline, and the hypothesis would be that much easier to reject. As will be shown, the study found no evidence of intersubstitution.
6. The Copper Industry has been extensively treated elsewhere; see Moran (1974) and Navin (1978).
7. At this point some reference should be made to the variable 'risks'. It is customary in the business literature to discuss 'profits' in the context of 'risks'. The normal state of affairs is that the higher the risk, the higher the profits must be before an investment will be made. However, the metal industry is a mature business in which the size of the major firms and the lengthy past experiences of those firms has diminished the importance of risk, as witnessed in the traditionally low but stable profits made in the industry. Furthermore, 'risk' has been excluded as a variable due to the difficulties in finding a reliable, quantitative measure of it.
8. Narvin (1978), p. 271.
9. See Holloway (1979) for more on the calculation of the index.
10. The statistics were generated from an SPSS programme using the regression calculation routine.
11. I was unable to find a control for the business cycle. Several economists consulted agreed that no reliable measure of the business cycle exists.

6 The Response of the Multinational Companies

1. 'Jamaican Move Signals New Era for Bauxite Firms', *BILA*, 1974, p. 173.
2. 'Guyana's Tax Levy on Reynolds' Operation Foreshadows Worldwide Trend', *BILA*, 1974, p. 134.

3. 'Other Caribbean Bauxite Countries to Raise Ante', *BILA*, 1974, p.314.
4. 'Jamaican Move on Kaiser Equity Unveils Government's Aim', *BILA*, 1976, p. 119.
5. 'Jamaica Reaches Major Accords with Two Bauxite Producers', *BILA*, 1976, p. 119.
6. 'Jamaican Accord with Reynolds Metals Co. is One More Positive Step', *BILA*, 1977, p. 116.
7. 'Jamaica's Accord with ALCOA Marks Major Breakthrough . . .', *BILA*, 1976, p. 344.
8. *Ibid.*, p. 344.
9. 'ALCAN Deal in Jamaica . . .', *BILA*, 1978, p. 329.
10. 'Jamaican Accord with Reynolds Metals Co. . . .', *BILA*, p. 117.
11. 'Staying on Top', *Forbes*, July 1, 1977, p. 56.
12. *Ibid.*, p. 54.
13. Bergsten (1976), p. 16.
14. 'Revere to Sellout?', *Economist Intelligence Unit*.

7 Limits and Scope and Conclusions

1. Agis Salpukas, 'A New Hunt for Markets at Reynolds', *The New York Times*, 22 September 1981, D6.
2. 'How ALCAN endured the recession', *Maclean's*, 4 April 1983.
3. *Ibid.*
4. Amal Nag, 'ALCOA's Dominance in Aluminium Industry Wanes . . .', *Wall Street Journal*.
5. *Ibid.*
6. 'Aluminium producers unhappy with listing', *Chronicle Herald* (Halifax), 15 December 1983.
7. 'Up Against the Wall', *Latin America Commodities Report*, 30 August, 1985, p. 2.
8. Nag, 'ALCOA's Dominance'.

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