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FTM/24

Original : French

THIRD WORLD FORUM - BOOK

PART ONE - INTRODUCTION

by

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JANUARY 1976

P A R T O N E

INTRODUCTION

In introducing this analysis of the nature of the present crisis of the world system and the subsequent discussion of proposed strategies for building a "new international economic order", we feel it would be helpful to try first to take stock of the developments in recent decades.

In the course of the quarter century following the end of the second world war, radical changes have taken place in the international political order: most of the countries of Asia, followed by those of Africa, which has hitherto been colonies of European powers, won their political independence in the 1950's and 1960's; China has broken away from the capitalist system; throughout the entire period the peoples of Indochina have been forced to resist a series of wars of aggression from which they have only just emerged; in the Middle East, the Palestinian question, in Africa that of the Portuguese colonies and South Africa have mobilised the peoples to put an end, once and for all, to the last vestiges of colonialism; in Latin America Cuba has disengaged herself from the capitalist system. These political changes, which represent an initial set of victories in the national liberation struggle have, of course, produced economic consequences, not the least important being the major changes imposed on the international division of labour.

The world imperialist system which was set in motion at the end of the last century relied on a very simple international division of labour: the dominant metropolitan powers monopolised all the industries, while the dependent countries were restricted to the production of primary export commodities. This system gave rise to major transformation in the rural structure of the Third World: the big landowning class, amassing wealth

produced by their new specialisation in export products, strengthened their position almost everywhere. At the same time, integration of colonial economies into the world system gave rise to the emergence of a new class of traders and middlemen. But the "colonial pact" and the vested interests of the landowning and comprador class prevented further advance and rendered the establishment of local industries impossible. Thus a broad national liberation front, for whom independence and industrialisation were the rallying-call, began to take shape.

Over the last quarter of a century, the international division of labour has been modified to make way for the establishment of import substitution industries at the periphery of the system. This form of industrialisation, which began to appear in a scattered manner, during the 1930's, in some Latin American countries, in Egypt and India, gradually became more widespread after the second world war. The process has, of course, been very unevenly distributed, as has the extent of this impact in the countries concerned, and it has been fostered or hampered according to prevailing circumstances and political and social conditions. Frequently, it has been accompanied by changes in the power structure when linked to agrarian reform and a greater measure of State economic intervention. These changes have led to a widening of the domestic market and varying measures to protect it, to a diminution or simple wiping out of the political power of those groups whose economic power rested on the old pattern of international specialisation, replacing it with that of "forward-looking" groups of "industrialisers". In the social sphere, import substitution industrialisation speeded up urban growth and augmented the specific economic and political weight of the towns vis-à-vis the rural world.

Where import substitution industrialisation has been accompanied by the accelerated tapping of the production potential of basic export commodities, illusions about "economic take-off", or even economic "miracles", have been an obstacle to a clear awareness of the nature of the international division of labour on which such growth is based and of its political and social consequences. During the last twenty-five years, the "Japanese model" has unfailingly held the centre of the stage in certain quarters. And yet even the most superficial comparison between the Japanese model and prevailing one would rapidly dispel any illusions based exclusively on a blinkered observation of "growth rates".

In fact, the establishment of this new form of the international division of labour went hand in hand with other changes in the centres of the capitalist system, which have marked out the last quarter of a century as a period of general expansion. It is not the purpose of this book to analyse all the aspects of this expansion phase; rather, we simply make a passing reference to the role played by the "modernisation" of Europe and Japan, who were committed to catching up North American levels, in the mechanism of this expansion, as well as the contradictions which gradually built up as a direct result of rapid European and Japanese progress (the dollar crisis and that of the international monetary system are the most striking manifestations of such contradictions). We also make only a passing reference to the gradual reintegration into the world capitalist market of the Soviet world, which has also set itself the same target of "catching up". Hence we shall only analyse this expansion phase from the specific viewpoint of the forms it has taken in the three continents which make up the periphery of this world system. Here, it was the demand for raw materials (and primarily energy) which was the first thing to expand, and since this expanding demand was the main driving force behind growth and made import substitution industrialisation possible throughout the twenty-five year period, the development of the periphery continued to be seen as a "by-product" of that of the centre and as having inevitably to be grafted onto it.

Today, no thinking person can side-step a critical assessment of the policy of industrialisation through import substitution, even though the majority of economists and economic policy-makers have no alternative to propose, apart from minor adjustments in the status quo. The purpose of the first part of this book is therefore to present a general picture of the various aspects of this phase of uneven expansion of capitalism on the world scale.

We deal in turn with the major regions of the Third World: Latin America, Africa, the Arab world, South and South-east Asia. This approach demonstrates that, irrespective of the differences in the manner in which the system has operated, the main features of the expansion we have witnessed over the past twenty-five years and their consequences are similar from one region to another. These features can be described as: the accentuation and invention of new forms of dependence, a deepening social crisis in the underdeveloped countries, and widening inequalities within the Third World.

Contrary to the illusions cherished by the "industrialisers" - in some places called "desarrollistas" ("developmentalists") or "modernists", elsewhere even "socialists" meaning those whose methods have reduced socialism to State capitalism which has borrowed from capitalism its techniques of production and its organisation of labour and consumption) - import substitution industrialisation has not reduced Third World economic dependence on the central powers. The latter, by virtue of the monopoly of capital equipment and technology, and the over-riding impact of the consumption and organisational models which they promote, have not only retained their position of dominance but have strengthened it. As the reader will observe in the course of the present work, the "economic miracles" of the contemporary Third World have not paved the way for Japanese-style autonomous development.

Contrary to the illusions of the "industrialisers", growth grafted onto that of the centre countries has not helped gradually to reduce internal social contrasts. The opposite has, in fact, occurred, for this type of development has sharpened the town-countryside dichotomy. Based, as it is, on the imperialist domination of the rural world, a sine qua non for the rural world to continue the exports required to subsidise imported industrialisation, this development has aggravated the agrarian crisis and accelerated the flight from the land, with chaotic growth of towns and cities the inevitable outcome. It is thus also responsible for the paradoxical situation which is such a striking feature of the present crisis of the system: the fact that the under-developed countries, whose populations are still overwhelmingly rural, have to import food. Hence it has dashed all hopes of industrialisation fed - in the true meaning of the term - by the countryside. At the same time, the social structure of power, the rural exodus, consumption, production and organisational models have all combined to exacerbate urban social contrast throughout the Third World, and these are even more striking in the countries which have fallen victim to "prosperity" than in those bogged down in relative stagnation. Pauperisation, unemployment, shanty-towns and "marginalisation" are increasingly familiar features of the Third World's capitals, whose evolution would be more aptly described as "lumpen-Europeanisation" than as "modernisation".

Lastly, contrary to the illusions which have been widely fostered during the period, the "miracles" have been the exception, while poverty-stricken stagnation has been the general rule. Expansion has been determined by external demand for raw materials and oil. A small number of countries supplying "black gold" or a few "rich" minerals in the best possible conditions have thus been able to achieve very high growth rates, but even so, only few of this group of countries have really been able to put these "resources" to use in speeding up their import substitution industrialisation. Many of them are the victims of their own too limited economic space, among other things, and have been content to "invest" their excess income in the developed world.

A division has gradually emerged within the Third World, during this quarter of a century, between "financially rich" countries and "poor" countries, between "semi-industrialised" countries ("badly-industrialised" might be a more fitting term) and countries almost entirely without industries. It will be seen that the prospects offered by imperialist strategy for overcoming this open crisis are a further deepening of this division, the former group of countries being turned into "neo-imperialist relays" and the latter becoming "neo-colonial reserves".

A rapid survey of the zones hit by the "miracle" of expansion shows that the outcome has been hardly unpredictable. At first sight Latin America seems to have enjoyed a "privileged" position compared to Asia and Africa. Its own specific conditions - political independence - have favoured the earlier upsurge of what are known on the continent as "populist" movements. More specifically, the "big" countries of the continent - Brazil, Mexico, Argentina and, to a lesser extent, Chile, Peru, Bolivia and Venezuela - have become, by the end of the quarter century, even more integrated into the system of imperialist domination than they have ever been in the past and to a much greater degree than Asia and Africa, so far. The exception, which only confirms the rule; is Cuba, which broke away from the system in the 1960's.

Asian expansion over the past twenty-five years has been on a much more modest scale. History will no doubt record the dominant feature of this quarter of a century as the contrast between India and China. The Indian sub-continent, which started out with many "advantages" in every sphere as compared with China - degree of industrialisation, infrastructure, education etc. - has sunk deeper and deeper into a growing mire of poverty, with its concomitants of appalling famine and heightened external dependence, while China has gradually strengthened both her internal organisation and

her role in the international arena. This is the most striking demonstration that the so-called "advantages" were more of a handicap than anything, that development cannot be a mere by-product of the expansion of the world capitalist system and the "disengagement" is the only possible path to follow.

It is this contrast which provides the key to understanding the continuous and violent struggles between the two types of evolution which have held the stage in south-east Asia throughout these twenty-five years, in Indochina, where the peoples of Viet Nam, Cambodia and Laos finally succeeded in imposing their own will, in Indonesia and in the other countries of the region where frontal assaults by the two opposing lines are the order of the day.

The Arab world, with or without oil, where the protagonists of "modernisation" without a radical breakaway from the past have combined their efforts with those striving to forge political unity, resembles, in some respects, Latin America. But the difference lies in the fact that the conflict between this national determination and the plans of imperialism, backed by its by-product - zionism - have limited the extent of further integration into the imperialist system, prevented it from taking the form, as in Latin America, of a relative "stability" and kept open a wide range of options.

In Africa, the import substitution model for industrialisation is of even more recent date than elsewhere and the contrasts are therefore all the more violent between countries ravaged by famine (which are nonetheless the most "rural" of the continent) and pockets (at best small) of "prosperity". But Africa is not only a neo-colonial model par excellence, which in places almost assumes caricature proportions; it is also the continent on which the greatest number of attempts in the Third World are being made

to embark on a different, self-reliant road to development. No-one has any doubts that here, as in the Arab world, direct imperialist presence - South Africa and Israel are a constant reminder by virtue of the similarity of their internal systems and their function in the international system - is certainly very far from hindering an increasing "new look" external domination.

In the first part of this book, we have therefore endeavoured to present a review of this quarter of a century of Third World history which will enable us to go beyond a purely economic diagnosis of the results and, which, by weighing up the social and political forces operating at the end of this period of expansion, will provide a key to understanding the nature of the contemporary crisis.