

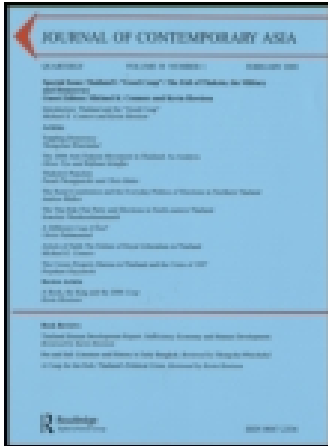
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On: 07 November 2014, At: 07:30

Publisher: Routledge

Informa Ltd Registered in England and Wales Registered Number: 1072954

Registered office: Mortimer House, 37-41 Mortimer Street, London W1T 3JH, UK



Journal of Contemporary Asia

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/rjoc20>

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Published online: 02 Apr 2008.

To cite this article: Samir Amin (1982) After the New International Economic Order: The Future of International Economic Relations, *Journal of Contemporary Asia*, 12:4, 432-450, DOI: [10.1080/00472338285390361](https://doi.org/10.1080/00472338285390361)

To link to this article: <http://dx.doi.org/10.1080/00472338285390361>

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After the New International Economic Order: The Future of International Economic Relations

Samir Amin*

The failure of the New International Economic Order (NIEO) has perhaps yet to be recognised. But today, can anyone claim that there is even one area in which any sort of progress has been achieved in the implementation of the Charter solemnly proclaimed by the UN General Assembly in 1974? Concurrently, can anyone today continue to assert that that which unites the Third World countries prevails over that which divides them? What can be the meaning of non-alignment when the superpowers intervene here and there sometimes even at the very beck and call of Third World nations fighting against one another?

The failure of the so-called NIEO and the disintegration of the Third World cannot be allowed, however, to divert attention from the fact that "the crisis" persists and that there have been real shake-ups in relations between the West and the East (i.e. the Soviet Bloc and China). It is not enough therefore merely to portray the failure of North-South "negotiations". Thorough analysis of the situation requires the reinsertion of "north-south" relations within the global context of the world economic and political system and changes within it.¹

The objectives of the NIEO constitute a coherent programme responsive to the aspirations of the states of Third World.² The internal logic of the programme — raising the prices of raw resources exported by the Third World; a new push in export oriented industrialisation geared to developed country markets and based on cheap manpower and the abundance of natural resources; and the acceleration, at reduced cost to developing countries, of technological transfer — reflects the contradictory nature of the accumulation of capital on a world-scale. On the one hand, this programme can only be predicated on a deepening of the international division of labour: by increasing the rate of extractable surplus-value (through the superexploitation of labour in the periphery), the programme permits an increase in the rate of profit on a world scale and can only be read therefore, as a contribution to global capitalist development. On the other hand contradictions emerge within the accepted framework of capitalist development between the strategies of the monopolies and the imperialist states on the one hand and those of the peripheral capitalist states and their bourgeoisies on the other.

The imperialist monopolies have a peculiar interpretation of the "New Order". For them, it is a matter of making more profit from the cheap labour

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and natural resources of the Third World through the relocation of fragments of productive processes controlled transnationally by them. In this strategy, there is absolutely no intention of creating integrated national industrial economies even of the externally oriented variety in the Third World. On the contrary, the whole point of the exercise as far as the monopolies are concerned is to transplant bits and pieces of industrial processes in an unintegrated form in the host countries, the better to perpetuate their control over the mechanisms by which economic processes are orchestrated on a world scale. Within this framework monopolies can afford to make minor concessions to "host" countries, to the extent even of giving up formal ownership of capital, in extreme cases. The fact that there is competition among Third World countries for the "privilege" of "hosting" segments of industry, the lack of linkages in those countries between the segments subsequently transferred and the dependency of those segments, ensured by the technologies involved and by the obligation to export their products to metropolitan markets controlled by the very same monopolies, all have the effect of reducing the value of the formal ownership of capital by giving the monopolies, the ability to impose the most restrictive conditions on their partners. That is "laissez faire" on the scale of a world dominated by monopolies. Under these conditions, the very financing of this relocation by the use of resources generated from within the Third World countries' constitutes an additional gain to the monopolies engaged in the sale of such "tailor made" factories. The mopping up of such profits for the benefit of the monopolies is in effect, built into the structure of prices. Gains accruing to the monopolies from this channel can have the in built effect of permitting resource transfers over and above the visible financial transfers accounted for by the sale of know-how, patents and trade marks and by interests on loans for expansion. Sometimes the price structures themselves are deliberately distorted in such a way as to deprive the relocated segments of their accounting profitability, the loans subsequently granted to cover their supposed "operational losses" being nothing more than a reincarnation of the eternal tendency of capital towards pillage: a new breed of finance capital, in the image of the old mercantilist variety thus crops once again, in a throw-back to the beginnings of capitalism, giving "primitive" accumulation a quality of permanence.

This strategy has a name and this is not just by chance: it is called "redeployment". Actively supported by the World Bank, the IMF and other organisational instruments of central capitalist domination it passes off as a "new order", the multiplication of new enclaves in the form of "Free Zones". It is obvious that this strategy limits the role of the local State to the very minimum, that of policing the exploited labour force. The strategy has the additional objective of dividing the Third World, not only by accentuating the gap between the "fast growing" and "stagnating" developing countries but by also creating competition among the first group of countries.

What the Third World countries, or at least the more dynamic among the non-aligned group, understand by a New International Order is somewhat

different. The reform of the international division of labour envisaged by them is supposed to accompany and reinforce the establishment of veritable national economies, self-centered and industrialised.

In the Third World version of an NIEO a strong and activist state becomes the guarantee that the industrial scene would consist of (horizontally integrated and complete manufacturing processes) rather than a collection of partial units without local level linkages. Equally, the reliance on importation for elements of these integrated chains (the series of "turn-key" factories purchased in this context, for example) implies a high level of exports, both of "traditional" raw materials and new industrial products. The success of the strategy thus depends, to a large extent, on the ability to obtain the concessions demanded within the framework of a new international economic order.

The conflict between these two "interpretations" of the new order has surfaced in all the negotiations in which the international industrial division of labour and industrial "relocation" have been on the agenda, with the areas of conflict having to do with the nature of the relocation process and the type of units to be relocated, the extent of decentralised decision making that should accompany the process, its financial and technological implications, the training and managerial aspects of relocation and access to external markets. The Third World States generally insist on the installation of industries that are as complete as possible and have forward and backward linkages with one another. They also demand a well defined framework in which agreements can be made that place industrial practices at the service of industrial policies determined by the State. Other Third World demands include the indigenisation of executive positions, access to international distribution channels for products manufactured locally (given the perception that the lowering of protectionist barriers by developed countries does not fully resolve the problem of access to their markets); support in the development of national technologies, the regulation of financing procedures (with a view, among other things, to avoiding the situation in which the subsidiaries of multinationals are able to finance their investments by drawing on local banking facilities, without bringing in new capital); and the control of transfers (including the sharing of risks, ceilings on profit transfers and obligations regarding the investment of parts of these profits locally).

These "demands" have hitherto been rejected as "unacceptable" by the multinationals only interested in partial relocation through subsidiaries under their effective control. (Carried to the extreme this robs the negotiating process itself of all meaning.) On the other hand the majority of Third World countries are increasingly coming to accept, in effect, the strategy of redeployment favoured by the multinationals. Only those States which refuse the direct implantation of subsidiaries of the multinationals and seek their own factories purchased on a "turn-key" basis in place of such subsidiaries and within the framework of integrated industrialisation programmes are in a position to negotiate.

In adopting this option this group of countries relied on the possibility of modifying the international economic order in their favour through a

combination of unilateral actions and concessions obtained in multilateral interstate negotiations between the North and the South. It is worth recalling that the original idea was for the organisation of Third World producer cartels designed to force the revaluation of commodity prices. National control of natural resources was supposed to permit not only the control of supply but also, and above all, the implementation of a policy of resource exploitation based on long term national interests, thus ending the practice whereby the rate of resource exploitation is determined exclusively by the needs of the developed world. With their positions thus strengthened the Third World countries hoped to acquire the credible negotiating power needed to compel the necessary concessions from the North in such things as market access, a code of conduct on technology transfers, etc. Co-operation among Third World countries (or "collective self-reliance") was inserted within this perspective and was ostensibly invoked to back it up.

The truth is, however, that the "negotiations" initiated since the oil crisis of 1973 and the adoption in 1974 of the Charter on a New International Economic Order have been effectively fruitless.

In place of the original idea of producer cartels associating producers that have succeeded in re-establishing their control over their natural resources the negotiation process conducted at UNCTAD has substituted an "integrated programme" for 18 commodities and a common fund for price stabilisation. And with what result? Negotiations on each of the 18 commodities have either been postponed under various pretexts or failed altogether, while the fund was established with a capital which falls short from the minimal required for its meaningful operation! Along the way the idea of indexation has been thrown overboard.² Meanwhile minor concessions made to certain groups of developing countries (like the STABEX arrangement for signatories of the Lome Convention) have been used as pretexts for delaying more meaningful concessions to the Third World as a whole.³ In fact prices of exports of developing countries have deteriorated as a result of stagflation.

The objective declared by the Third World countries in Lima — 25 per cent of world production and trade in manufactured goods by the year 2000 — has been diluted over time into a dubious programme of "generalised trade liberalisation" and relocation of bits and pieces of industrial production through the redeployment of multinationals. But even this degraded version of the original Lima objective is not being pursued seriously either by the multinationals themselves or by the developed countries (as evidenced, for example, by the protectionist measures taken by them in respect of textiles).

In the matter of financial transfers, the Third World reflected its disappointment with "foreign aid" (remember that the original target was the transfer of 1 per cent of GNP; that the commitment to this target was loosened with each passing year; and that the quality of the aid given has been far below expectation) by taking to the offensive and demanding the reform of the international monetary system, including the creation of new units for international settlements based on various commodities, and the elaboration of rules that would back-up development efforts by establishing a "link"

between the issuing of the new units and the needs of the Third World. These proposals were of course, utopian.

In any case the Third World has run out of steam in all these directions. Increasingly the central preoccupations have shifted to the divisive issue, for the Third World, of debts. In a parallel development, when Third World countries remove find their debt burden too heavy to bear the IMF and creditor countries get together to impose on the victim of their collusion a tutelage regime reminiscent of the protectorates established in the 19th Century in the East and in Latin America that permits them to enforce on the new protectorates policies which routinely and crudely undermine the development of their long term balance of payments equilibrium, striking hard in the process particularly at the working class and the least favoured socio-economic groups in a direct mockery of the rhetoric of "basic needs".⁴

As far as the "transfers of technology" is concerned we know that the proposed "Code of Conduct" has been rejected by the North. In other areas such as the Law of the Sea, for example, the aspirations of the Third World have been treated with the greatest disdain.

One could, of course, go on and on listing the "failures" and "disappointments". One could also draw attention to the disturbing frequency, reminiscent of the world of fashion, with which "new", mostly dubious, "themes" are launched, and wonder whether their purpose is not merely to divert attention from the fundamental problems of development and underdevelopment. The parade of such themes as "Population", "Environment", "Zero Growth", "Basic Needs" and "Employment" oriented strategies, "Income Redistribution", "Intermediate and Appropriate Technologies", "Co-operation Among Developing Countries", "Science and Technology at the Service of Development" takes the place of change in the real world of international relations.⁵

What are the factors behind the clearly visible failure? Are those factors purely contingent (the economic crisis)? Are they traceable to the "tactical errors" of the Third World (to its divisions and weaknesses, for example. Or do this crisis and these weaknesses reflect the impossibility of auto-centred self reliant development within the periphery of the contemporary capitalist system?

No doubt, the present crisis,⁶ which we believe to be essentially a structural crisis in the international division of labour, is a persistent one, as witnessed by the failure of short-term "classical" (monetary) or neo-Keynesian "solutions". This crisis, which began in the mid-60's as a crisis in inter-imperialist relations following the collapse of the Bretton Woods arrangements has now reached beyond that particular framework to affect the very foundations of economic life and production systems.

It is not possible to "foresee" how the crisis is going to evolve, pregnant as it is with contradictory possibilities. The various struggles triggered by the crisis can lead, in effect, to the break-up of the integrated international market — under the hegemony of the United States — which has been the feature of the world system over the last quarter century.

The dislocations in the international monetary system; protectionist measures, however limited; the renewal of "imperial preferences" in opposition to "free-for-all liberalism" (note, for instance, the Lome Convention between Europe and the ACP countries) all go to show that "imperial protection systems" of the type that followed the crisis of the 30's are not beyond the range of possibility. Needless to add that a new world financial crash could trigger a reply of the sort described. It remains simply to point out that the elements of such a crash seem to exist in the indebtedness of the Third World and Eastern countries.

One has to admit, however, that the immediate reactions of the central capitalist states are in the opposite direction. The numerous indications of a veritable realignment of the smaller imperialist powers to the dominant imperialism of the United States include the orchestrated attempts to maintain a multilateral payments system based effectively on the dollar (notwithstanding progress in European monetary co-ordination and with the European Monetary System becoming no more than the part of a whole that preserves US hegemony) and Europe's own consciously adopted posture, a posture which, along with the "stabilisation measures" permits the re-establishment of the hegemony of the United States.

Is the labour movement itself not orienting its emphasis on monetary stability, even to the extent of sacrificing employment and working class solidarity by trading of the interests of "non-incorporated" workers like migrants, young workers and women who are the greatest victims of unemployment for those of the "labour aristocracy" afflicted only by inflation? Is this not a tendency that reinforces the realignment? It remains, of course, to be seen how lasting the present realignment is going to be — or, how politically and economically resilient the world market will prove to be in the face of a drawn-out crisis.

The refusal to make any concessions to the Third World must, in any case, be seen in this context.

The *modus operandi* of the relocation under review have to be analysed within this framework and in direct relationship with the question of the world movements of capital (and thus of debt).

In actual fact the present period is characterised by a superabundance of readily available capital and this for a variety of reasons, including a slow down of growth and investment in many sectors (particularly in the non monopoly sectors) alongside the continuation of high profits in the sector dominated by monopolies resulting in the excess liquidities position of the multinationals; inflationary expansion of money supplies in the developed countries; and the recycling of petro-funds etc. This puts the industrial and financial multinationals in the privileged position of commanding the movement of capital on a world scale, defying state policies in the process whenever they deem it necessary. This excess liquidity, which is both a cause and an effect of fluctuations in exchange rates induced by speculation has largely been channelled to states in the East and South as loans.

It is important at this stage, however, to distinguish between the

accumulation of debts by the Eastern countries and the problem of Third World indebtedness. Loans made to the Eastern countries — secured by governments but coming from private consortia — do have the undeniable effect of accelerating the industrialisation of the borrowing countries and constitute an invitation to reinsert their industry into the worldwide system of exchange (if only to provide for the servicing of the relevant debt). In contrast only a small fraction of the debts accumulated in the Third World goes to the direct support of industry. In fact industrial exports from the South have hardly grown at all — except in the case of four countries: South Korea, Taiwan, Singapore and Hong Kong. The greater proportion of the Third World's debts — also to private consortia — go to finance current imports and to support state organs in difficulty.

Greater subtlety in drawing this distinction is, of course, in order. After all the access of the Eastern countries to western money markets has the effect of reducing the percentage of their revenue that would otherwise have been creamed off and diverted to the military. All the same the respective political systems of the East and South are too different to permit a blurring of the fact that the effects of external indebtedness on the two groups of countries are not similar.

What are we to make of this "resurgence of finance capital". Are we justified in expecting that in spite of everything this would lead eventually to an accelerated industrial "development" in the Third World, on the basis that failure so far to lead to investment in export industries is traceable only to the nature of the present situation? Or are the debts being now accumulated likely to remain an insurmountable obstacle, with debt servicing emerging, as it did in the 19th Century, as yet another parasitic drain on revenues? Should the latter prove to be the case the vulnerability of a system founded on a series of untenable equilibria produced by the contradiction between the mobility of capital on the one hand and the effective lock up of this capital in non liquid assets on the other hand would be fully exposed. In that eventuality one could not exclude the possibility of a financial crash.

The situations outlined above provoke serious reflection on the real changes taking place in international economic and political relations.

To begin with, some telling statistics: while steel total production in the developed capitalist states fell by 36 million tonnes between 1974 and 1978 it rose by the same amount in other regions of the world, thanks mainly to increase in production in the Eastern European countries (USSR, Poland, Romania, Czechoslovakia) as well as China and only marginally as a result of production in the developing countries, essentially represented exclusively by five countries — Brazil, Mexico, India, South Korea and Taiwan.⁹ This is the reality: there are, to be sure, changes in international economic relations; but these changes are in the relations between the West, the East and China. They are not changes in North-South relations.

Is the development of Eastern Europe and China really marked, as it seems to be, by a readiness on their part for reintegration into the international division of labour? If so under what conditions? Will the monopolies that

dominate society in the West and the South extend their domination to Eastern Europe and China, as some assert? Is the capitalist system on the way to becoming once again truly universal, after a period in which it was threatened by breakaway socialist experiments?

Advocates of the NIEO are quick to answer the foregoing questions on the affirmative, using it to justify their claim that the construction of an autocentered national economy is incompatible with participation in the international division of labour. The question then posed is, if in spite of the non-capitalist nature of their economies, the USSR and even China look forward to their integration into world markets and even to doing business with the multinationals are the countries of the Third World which lack the advantages of these continental states in a position to contemplate an absurd autarky which can only condemn them to perpetual stagnation?

Without necessarily denying that integration into the world system is compatible with a strategy of national development the onus is on the New International Economic Order to demonstrate this compatibility since it is up to the international division of labour to demonstrate its responsiveness to the national development requirements of the Third World.

Between 1970 and 1975 a favourable world situation succeeded in giving the impression that it was, indeed, possible to contemplate a reconciliation between participation in the international division of labour and the pursuit of a national development strategy. But let us not forget the series of political victories won by the Third World in those particular years, including the October 1973 war and the possibility opened up for the retreat of Zionism; the achievement of independence by the Portuguese colonies in 1974; the Vietnamese and Cambodian peoples' victory in 1975; the intensification of the struggles in Zimbabwe, Namibia and South Africa; the peasant revolt in Ethiopia; and the popular movements in Benin and Madagascar. In southern Europe itself mounting instability in Italy and France (where the Left seemed to be on the threshold of power), and in Greece, Portugal and Spain following the collapse of the dictatorships there seemed to threaten the system. And all within a matter of a few years! The coincidence of all these events with the economic crisis provoked a veritable "panic atmosphere", with the seeming disappearance of US hegemony and talk of the disintegration of Europe.¹⁰ This was the atmosphere in which the non-aligned group, led by President Boumediene, defined the theme of a New International Economic Order.

But did not the theme of a New International Economic Order fly in the face of historical development experience? Does the historical experience of the advanced capitalist countries not teach us that industrialisation and the creation of a national economy have always been accomplished in direct negation of the international division of labour, or more precisely by opting out of it rather than accepting the trap of its so-called and temporary "comparative advantages"? It is precisely for this reason that the construction of a national economy has always involved the state.¹¹ The nation-state created by the bourgeoisie for the bourgeoisie in the 19th Century, be it republican France, Germany or Imperial Japan, was an indispensable instrument in this

construction. And if it is true that this was not achieved through autarky it is no less true that external relations were subordinated to the requirements of internal construction. On the contrary, their external relations, often rooted in the exploitation of the periphery, often severed quite simply to accelerate the rate of internal accumulation. This was notably so in the case of England and France. For the late developers before the era imperialism — notably, Germany, Italy, the United States, Japan, Austro-Hungary and Russia — self-centred development invariably involved protectionism, state financing of infrastructures, financial and monetary systems defined by the state, state sponsored agrarian transformations aimed at the improvement of agriculture and the achievement of self sufficiency in food etc. The national developments did not occur within the framework of autarky, of course; but it is worth emphasising that in these processes external relations were always conditioned to the logic and requirements of internal accumulation and not *vice versa*. It is equally important to emphasise that all these historical cases, terminating with Japan, preceded imperialism.

The historical experience of the countries that disengaged from the capitalist system is even more instructive. Not only have the USSR and China instituted fundamental changes in their social and economic systems; more important still they were constrained to do so within a framework of autarky, thanks to blockades imposed by the capitalist world. Even the smaller Eastern European countries went through a period of effective autarky with the Stalinist plans of the 50's, building the foundations of their national economic structures in the process. The fact that these same countries now seem to want to be more closely involved in worldwide exchange networks is, of course, another matter.

Some would see this later development as an admission of failure, citing, in particular, the failure of Soviet agriculture and the failure of the Chinese experiment in "a new type" of industrialisation. This is shallow reasoning, ignoring the essential fact that irrespective of the way one chooses to characterise the nature of production relations in those societies — as socialist or not — they have succeeded in building self centred national economies. Having succeeded in doing this these countries do not make their appearance on "the world market" in anything like a position of weakness. Whatever its weaknesses the USSR does have many cards it can play, including its natural resources, state control of production, the capacity of the political system to continue the relative isolation of the country and, of course, its status as a global superpower which is by no means an unimportant factor. As far as China is concerned, it would be surprising if it were ready to fall into the jaws of the monopolies, like any ordinary "underdeveloped country"; it almost certainly has every intention of retaining its total control of its external relations.

One certainty is that relations within the "socialist camp" have undergone a radical transformation. The Soviet Union has chosen, in effect, to do all in its power and to try all available means to prevent the modernisation and industrialisation of China out of fear, in my opinion, that whatever the nature of its political and economic system its size alone is enough temptation for it to

impose itself as an equal partner, bringing into question the partition here and struggles there on a world scale now dominated by the two current superpowers. That is also why, in my opinion, all the Chinese factions — “rightist” or “leftist” — will, of necessity, be anti-Russian. This transformation, which has consecrated the disintegration of the old “socialist bloc”, has also had the effect of turning China westward economically. But similar processes are taking place in Eastern Europe, even if on a reduced scale. Within COMECON is it not a fact that the USSR is attempting to impose specialisations which certain members find inimical to their national interests? Rumania, Hungary and Poland, like Yugoslavia and Albania in different circumstances, are all seeking to preserve and develop autonomous national industrial structures against pressures of varying intensity. In seeking to counter these pressures by deepening their transactions with the West are they not however simultaneously giving yet another push to the “reunification” of the world market?

One line of thought sees the future reconstitution of a unified world market as the logical outcome of these developments. The picture one gets here is of a worldwide historical fiasco in which one impression yields to another. In the unfolding of this drama an integrated world exchange system established in the 19th Century under British hegemony (with the pound sterling as king), is threatened at the turn of that century by the rise of rival imperialisms, manages more or less to hold until 1914, disappears with the “thirty year Germano-American war for the succession to the erstwhile British position” (1914-45)¹² to be reconstituted after the Second World War under US hegemony. What one is witnessing now is the reconstruction of this postwar order after a period in which it was threatened by the rise of Eastern Europe. The pace of events this time round is bound to be more rapid, however, if only because the gap between the Eastern European countries and China from the West does not permit them to “go it alone”, given particularly the breakdown in their solidarity. We can only add that the position taken by the Eastern European countries vis-à-vis the Third World clearly demonstrates that the priority of the East lies in the maintenance of multilateral global transactions.¹³

Despite the foregoing the view that the monopolies are in the process of bringing the “socialist” economies under their domination cannot yet be said to have been verified.

In any case the position of the Third World countries is very different from that of the so-called socialist countries. The economies of the Third World were designed in the era of imperialism to be what they are — subject to an unequal international division of labour and therefore dependent.

Is the national liberation movement capable of transforming this dependency relationship and compelling the adjustment of the world system to self-centred national development in the periphery? If that should turn out to be the case one should be able to look back on imperialism as merely a stage — an intermediate stage — in the expansion of capitalism on a world scale and not as the highest stage of capitalism; it would have proved, that is, as the

stage that ushered in the transition from a system characterised by the asymmetrical centre-periphery relationships that define it to a homogeneous global system dominated by capitalist relations.¹⁴

If today the “group of 77” makes its appearance on the international scene in the role of a “trade union demanding economic benefits for its members” it should not be forgotten that the Afro-Asian peoples’ political solidarity preceded this organised group for economic self defence. The solidarity in question, which began as the solidarity of the Arab and Asian peoples and was subsequently extended to the rest of Africa to become an Afro-Asian movement, bound together in the 50’s and 60’s states that had won their independence and movements still struggling for the independence of their peoples. Latin America was never integrated into the movement no doubt because the problem of independence did not arise there but perhaps also because of its affinities with European culture. The national liberation movement has, after all, always had (and continues to have) a cultural — “non European” — dimension. One also has to remember that the political solidarity of the African and Asian peoples emerged in a period which was marked by the hegemony of the United States and the policy of containment of the Soviet Union — at a time when the Soviet Union’s military parity with the United States was yet to be established and when she was therefore on the defensive. “Non-alignment” and “positive neutrality” were therefore rooted in the refusal of the newly independent states to join the anti-Soviet alliances of the Cold War.

All these conditions have now changed. Bourgeois nationalism has been the victor in the national liberation struggle for independence. Imperialism has adjusted to the requirements of a new international class alliance to match a new unequal international division of labour.¹⁵ The Cold War has yielded to coexistence. The Soviet Union has asserted itself in terms of military parity with the United States. And both superpowers proclaim world ambitions.

Are the bourgeoisies of the Third World capable under these conditions of moving their countries forward? Are they in a position to follow political independence with economic independence? The 1970-75 situation seemed to promise just that, only to be exposed in subsequent years as a pipe dream. The West has taken hold of itself once again and rediscovered its unity while the Third World has retreated in disarray: with its autonomy lost the Third World has become the target of competition between the superpowers. However, it seems that contrary to certain beliefs the national liberation question is far from settled. Such is the pace of events in the present period of world history that hard on the heels of the deadlock of the NIEO and the exposed impotence of their bourgeoisies popular forces in the Third World seem already to have returned to the barricades, as shown by the revolution in Iran.

If the necessity to disengage — even to the point of autarky — from the international division of labour is undeniable (as a condition for the construction, in this age of imperialism, of self centred national economies) it certainly goes without saying that autarky is a necessary but not a sufficient condition for this nation building exercise. A case in point is Burma which has

withdrawn into itself to the extent of near autarky but remains a stagnant society, in the absence of revolutionary changes in the social relations of production. As for the abortive "socialist" experiments in the Third World these have not failed because the countries in question disengaged from the world system but because of the rather more mundane fact that any transformations they effected in social relations were extremely limited.

'Where does the Third World go "from" the NIEO? Is it increasingly going to fall in line with the redeployment programme of the monopolies which, come the end of the present crisis, will end up imposing a new international division of labour? Or will the Third World countries finally succeed in making the breakthrough to a new stage of capitalist development by forcing a less unequal role for themselves in the international division of labour (IDL) and thus maturing from dependent to interdependent parts of the system? Or, again, in the event of the bourgeoisies of the Third World failing to make this breakthrough will a new wave of popular revolts bring the peoples of the Third World back to the forefront of events?

The most influential view is that the monopolies will end up imposing their redeployment strategies. The impetus for these strategies comes mainly from the nature of the events leading up to the present crisis. After 25 years of rapid growth the working classes in the West find themselves politically weak (following their abandonment of any idea of building workers' states), but economically strong (thanks to the benefits of full employment during those 25 years).¹⁶ These working classes are opposed to redeployment which, under present conditions, is bound to worsen the unemployment situation in the central capitalist states. To implement that strategy, therefore, the monopolies must first defeat working class opposition in the West. There is certainly some truth in this analysis, even if there is no knowing for the moment exactly how the attendant struggles within the centre are going to end. But whatever their eventual outcome, is the fact of those struggles the curtain raiser to the evolving world situation? There can be no denying that since the emergence of imperialism internal class struggles of the kind taking place in the centre today have had a tendency to criss-cross with the struggles of the periphery, struggles which have certainly had a more profound impact on the course of world development.¹⁷

Redeployment is already at work in East Asia (in South Korea, Taiwan, Hong Kong and Singapore, to be exact) and on a scale which has borne substantial fruits, which international institutions like the World Bank never tire of showing off.

Attempts to put the multinationals in the most favourable light rely heavily on the high growth associated with the strategy of redeployment. The response must continue to be that development cannot be achieved through the relocation here and there of bits and pieces of manufacturing processes in a disorganised manner and without any nationally integrated industrial structures to relate to. Besides this kind of artificial growth is of necessity extremely uneven in its distribution and introduces for this very reason further major distortions in the subsequent orientation of development. Is Iran not a

good enough illustration of the explosive nature of this pattern of development?

In defence of redeployment local apologists for the strategy in East Asia, particularly Korea,¹⁸ "helpfully" argue that the task of ensuring that the construction of a coherent national industrial structure from the bits and pieces of manufacturing processes relocated by the monopolies is a state function, subject to master plans which lie within the power of the state to elaborate and requires step by step implementation. In their scenario the state ensures through its support for the process that subcontracting becomes an organised feature of industrial life, for the benefit of small and medium sized local enterprises; and agrarian reform and the "green revolution" open up the prospects for self-sufficiency in food, resulting together in the progressive "encirclement" of the subsidiaries of the monopolies. No secret is made of the belief that this "encirclement" is facilitated by the Confucian ideology of the unity of State and Economy. Maliciously the impression is given that North Korea is operating along the same lines, with their co-operatives and their small "socialist" units linking up with the giant state enterprises founded on Soviet aid and soviet technology. The question that needs to be posed here is whether one is dealing here with an illusion or whether we have here the elements of an exceptional case for which Confucianism has an explanation. But before that the first question that cries for an answer is, who is financing whom? In other words, is the national economy financing accumulation by the monopolies, or is it the other way round? Therein lies the heart and soul of the problem of unequal exchange.¹⁹

Be that as it may, the leading Third World countries have not given up their aims, at least for their own countries, even as the chances of a "common front" fighting together to compel a general reform of the international division of labour prove more difficult than originally anticipated.

The first of these aims is the substantial increase in the price of raw material — the teasing up, that is, of mining and ground rents. It appears, in effect, that up till now capital has enjoyed almost free access, on a world scale, to natural resources. This seems obvious as far as mineral resources are concerned; but this is also the case whenever the absence of a well defined landed property system in the non peasant sector has allowed capital to escape the real ground rents due from export agriculture. On this point we have argued elsewhere²⁰ that the emergence and strengthening of an industrial bourgeoisie in the Third World was a *sine qua non* for the appropriation of these rents for its further consolidation and reinforcement. But the fact remains that to this day this has occurred only in the oil producing countries. At the same time there is no denying that the actions taken by them in 1973 and 1974 coincided with the interests of the oil giants and of a United States anxious at the time to teach Europe and Japan a lesson the better to bring them into line. Is one to conclude that the bourgeoisies of the Third World are too weak to the point of inability to exploit interimperialist contradictions?

The whole idea of a New International Economic Order was designed precisely to strengthen the Third World against the centres of the system

through a common front. The thinking at the time was that this commonality of interest would override the real divergences of short-term interests. It was recognised, for example, that the countries in the most favourable position to export manufactured goods had a vested interest in the price of raw materials, of which they were net importers, remaining low. But since the countries in question (in Asia and Latin America) were going to need the (moral?) support of the whole of the Third World in their efforts to penetrate developed country markets it was thought that in return for this support they would support (also perhaps morally if not materially) the demands of those countries (in black Africa and elsewhere) which are almost exclusively raw material exporters. After all the divergence of short-term interests has done nothing to diminish the support of the group of 77 as a whole for OPEC. The same short-term divergence of interests — and the same possibility for mutual support — operates in the area of external debt, since the “richer” Third World countries, that is those with high growth rates or impressive potentialities, are also those which, rightly or wrongly, feel they can afford quite easily to pile on debts without fear of the “bankruptcy” or tutelage which the others have more obviously to worry about.

In the absence of strong collective initiatives at the level of North-South relations can the countries of the South look forward to the strengthening of their positions by walking on the two legs of “national self reliance” and “collective self reliance” has so far little to show besides conferences and speeches (an example being the Buenos Aires Conference in 1978 on “TCDC”) and a succession of “projects” like the Third World Bank envisaged by UNCTAD to compensate for the failure of the Third World to make any impact on the reform of the international monetary system or the proposal to set up joint facilities for technological development. The question, however, is whether these projects are by their very nature utopian. There is the further question of whether the rhetoric of “delinking”, meaning the loosening of North-South relations in favour of an intensification of South-South relations is just idle talk.²¹ Is the energy spent on proposing “good” South-South co-operative programmes (in contradistinction to “bad” ones ostensibly proposed out of ignorance) not better devoted to finding out why the “bad” programmes are bad?

As a follow-up to the revealed internal weaknesses of Third World societies what can the Third World really do beside talking?

The emphasis on the irresistible economic power of present day monopolies has the unfortunate tendency of diverting attention from the weaknesses of the bourgeoisies of the Third World and its governing classes. Undoubtedly if the “technological factor” has the weight it has in our times it is because the appropriation of “technology” by the monopolies permits them to push in packages (under the “turnkey” formula) even when only small parts of it represents really new inventions. Thus the monopolies are placed in a position not only to pick up the bulk of the resulting rents and super-profits but also to haul a good part of the normal profits. Under these conditions it should come as no surprise to anyone that even of the Lima target of 25 per cent of

industrial production were to be achieved the proportion of overall surplus retained by the Third World would be well below the 25 per cent figure, irrespective of the formal ownership of the factories carrying out the production.

Undeniably the conditions which the monopolies impose on Third World countries are more severe than their conditions for dealing with the Eastern European countries and China. There are many reasons for this: to the more general reasons mentioned above must be added the fact that when the Eastern European countries, and China, buy technology they are also in a position first to digest it, then to reproduce it and then even to improve upon it. The scientific and technical resources of the Southern countries are not such as to permit this.

To be sure technology is never independent of production relations. The importation of technology does therefore carry implications for the importing country, be it China, the Soviet Union or a Third World country. But if the Eastern European countries have tended to develop technologies similar in many respects to technologies developed in the West — a fact that facilitates technological exchanges between them — this is because they have based their development on social relations resembling those of the West, and not because they are under the domination of the monopolies.²³ Besides there is no conclusive evidence that China even now envisages the massive importation of technology to the point of undermining its fundamental options expressed in such slogans as “take agriculture for base” etc., and even less to the point of submitting to the diktat of the monopolies.²⁴ In contrast the Third World does not even have the elements of technologies “adapted” to suit its own conditions. And if the Third World opts for export oriented industrialisation it would be condemned to import on a massive scale and from a position of weakness, the sort of technology that cannot fail to determine its overall posture; if only because of the needs to assure the competitiveness of its products on developed country markets.

This frees us from the superficial issue of the power of the monopolies to the real issue of the reasons behind the weakness of the Third World and the related question of the class nature of its social systems.

From this perspective it obviously does not suffice to label the thrust of current developments in the East as well as the South as “capitalistic” and their respective governing classes as “bourgeois”: there is all the difference in the world between the “national bourgeoisie” of the East (if this class has to be characterised as bourgeois) and the “neo comprador” bourgeoisies of the South.

The difference lies in the historical origins of the two sets of “bourgeoisies”. In the East, be it the Soviet Union or China, the “bourgeoisie” is a new class, the product of a socialist revolution that was subsequently betrayed.

The revolution in those countries was marked by a popular, anticapitalist, working class alliance of exploited peasants and various elements of the petit bourgeoisie. It was within this alliance that the new class rose, in opposition to the masses. But the alliance made the construction of their national economies

possible. The peasant revolution triggered by it must be given the credit, among other things, for providing the agricultural basis for industrialisation. There has been no comparable historic alliance in the South. Its new bourgeoisie does not issue from a peasant and socialist revolution. It is a direct product of class formation in the previous phase of imperialism. The failure of Third World agriculture to develop along the lines necessary to sustain Third World industrialisation, a failure often defined as the "crisis of food and agriculture",²⁵ reflects the absence of a peasant revolution. Under these conditions the bourgeoisie is incapable of building a national economy: it can only thrive on growth from participation in the imperialist system.

It will certainly be retorted that the Soviet Union too has its food problems. True; but these problems are part of the price the Soviet Union has had to pay for the collapse of the worker-peasant alliance with the collectivisation of the 1930-33 period.²⁶ Accordingly this break is not a matter of accident. It is also an undisputable reality which constitutes the achilles heel of the Soviet system. The long-standing nature of the break also explains the consolidated character of the new Soviet class society. To this day there is no basis for concluding that the same is true of China.

With the class content of the Third World states no longer a secret the true nature of their strategy becomes clearer. It is not a strategy for the building of national economies but a strategy of insertion onto the International Division of Labour. Under these conditions the easy way for some countries to improve their position is often to sacrifice the interest of others.

The ambiguities in the rhetoric of "collective self reliance" are rooted in this very fact. As a very general rule the trappings of "Third World generalised liberalisation" (generalised system of preferences within the Third World) or "common markets", dead (as in the case of the East African Common Market), deadlocked (the Arab market . . .) or in gestation (ECOWAS, for example) betray beggar my neighbour tendencies. Strong partners seek through these programmes to occupy a short term favourable position in the International Division of Labour even at the expense of the others. The debate on "subimperialisms" is a reminder of this.²⁷ Real inequalities within the Third World bring this factor into even greater focus. As we have shown elsewhere the so-called "least developed countries" are, after all, often dependencies within dependencies, peripheries of other peripheral countries.²⁸ For this reason the need for auto-centred development must be even more keenly felt by the "less advanced" countries for whom even dependent development is a mirage.

The ripening of political and economic contradictions within the Third World (witness developments in the Horn of Africa, Western Sahara, Central Africa, the Indian subcontinent, Indochina etc.) are not, in our view, a sign of the revival of ancient and precapitalist "nationalism" freed by the recovery of independence. Even when, as sometimes happens, recourse is made to old antagonisms it is to exploit them in furtherance of the strategies of established emergent dependent bourgeoisies aspiring to improve their position on the world system at the expense of the weak. Nor is the recourse to external powers

a pure accident, for the intervention of these powers is needed to make up for the weaknesses of a strategy which cannot but be weak because it is not rooted in the profound aspirations of the popular masses but can, at best, only associate them in the pursuit of limited objectives consistent with the path chosen by the exploiting classes. Each passing day carries with it more evidence that this strategy has the effect of turning the Third World into a fair game for the rival superpowers.

When the "crisis" of the New International Economic Order is perceived within the context of the thrusts of the world system it reveals the two dimensional and contradictory nature of ongoing transformations, transformations which can be analysed as a stage in the development of capitalism on a world scale but also as its crisis stage and as a stage of "transition to socialism".

If the developing situation is analysed as the expression of the development of capitalism on a world scale one is led to the conclusion the emerging poles are the communist countries (Eastern Europe, USSR, China etc.) and not the countries of the Third World. Having already accomplished the construction of their natural economies, a necessary condition, it is they and only they that are in a position to participate in the International Division of Labour on an equal footing.

But this mode of analysis addresses only one aspect of the situation. Precisely because the situation has the other dimension to it the evolution of the system is marked by the acute symptoms of crisis on the capitalist relations of production, pointing to the objective necessary for new, truly socialist relations.²⁹

It is no accident, in fact, that the prospective centres owe their status to socialist revolutions. What a paradox that the growth of capitalism is now only really possible on the basis of the abortion of socialism!

Nor is it any more of an accident that prior to the initiation and, subsequent betrayal of socialism, capitalist expansion proceeded through peripherisation. The challenge of national liberation thus remains very much on the agenda, even if the specific ties have naturally changed, as they have always done in the past. A new wave of popular struggles is thus to be expected, the rise of populism in the Third World being a pointer in that direction. Not for the first time the peoples of the Third World may well lead the processes of world transformation.

Footnotes

1. For the sake of brevity, we will only make a few quick allusions to analyses developed elsewhere, notably:
 - a. Concerning the history of the North-South economic debate of recent years: 'CNUCED III, Un Bilan', *Bulletin of Peace Proposals*, Oslo 1972; 'UNCTAD IV, and the New International Economic Order', *Africa Development*, 1974; 'After Nairobi', *Africa Development*, 1976; 'The New World Economic Order, Reactions of the Developed World', in *International Financing of Economic Development*, Biograd 1978; 'Développement autocréée, autonomie collective et Ordre Economique International nouveau', in *l'Occident en désarroi*, Béograd 1978.

- b. A summary of our thesis concerning center/periphery relations in the socialist system as developed in *le Développement Inégal, l'impérialisme et le Développement Inégal, L'Echange Inégal et la Loi de la Valeur, La Loi de la Valeur et le Materialisme historique* can be found in: "Le modèle théorique de l'accumulation au centre et à la périphérie du système capitaliste mondial", *Revue Tiers Monde*, 1972.
2. Kwame Amoa, "L'indéxation comme élément du nouvel ordre économique international", ronéoté, IDEP, Dakar, 1977.
 3. S. Amin, "Perspectives de la localisation internationale des activités industrielles, au point de vue afro-arabe", *GRESI*, Paris 1976; S. Amin, "L'association Eurafricain, quelques aspects du problème", *Euroafrica*, 1975; S. Amin, "A propos de l'Eurafric; In imperialism and sous-développement en Afrique", *Anthropos* 1976. Kwame Amoa. "Les relations économiques internationales et le problème du sous-développement: law CEE et l'Afrique", in Amoa, Braun, *Echanges internationaux et sous-développement*, Anthropos 1974, présentation de S. Amin.
 4. See, for example, Theresa Hayter, *Aid as Imperialism*.
 5. This is not the place to make a critique of these different proposals. Occasionally, we have made our views known, particularly on Population, Environment and Technology. See: "L'Afrique sous peuplée", in *Impérialisme et sous-développement en Afrique*, Anthropos 1976; "Développement et Environnement", *Tiers-Monde* 1978; "Education, idéologie et technologie", in *l'Impérialisme et le Développement inégal*, 1976. . . . The proposals of the theme of the "basic needs" is the topic of an on-going critique (Is it a matter of "organising" the stagnation of the "Fourth World"?).
 6. On this question see: S. Amin. A. Faire, M. Hussein et G. Massiah: *La crise de L'impérialisme*, Minuit 1975; S. Amin: "C'est une crise de l'impérialisme", in *l'Impérialisme et le Développement inégal*, *op.cit*; S. Amin. A.G. Frank, H. Jaffe: *Quale 1984*, Jaca Book, Milan 1975. A.G. Frank, *N'attendons pas 1984*. Maspéro 1978.
 7. A. Faire, "Le Fonds Monétaire Européen", in *Le Monde Diplomatique*, Janvier 1979.
 8. Giovanni Arrighi, "The class struggle in XXth Century Western Europe", document ronéoté, 1978; see also *La géométrie dell' imperialismo*, Feltrinelli, 1978.
 9. Statistic provided by *Le Monde*, 16 January 1979.
 10. The literature of the period is abundant on that theme; See for example: A. Faire et J.P. Sebord, *Le nouveau déséquilibre mondial*, Grasset 1973.
 11. For the role of the State in the construction and reproduction of capitalism, see: S. Amin, *Classes, Nations, Etat dans le matérialisme historique?*, Chap.I, Sect.V (Etat, Nation et Economie dans la reproduction capitaliste); also: "La question nationale et le capitalisme", *l'Homme et la Société*, 1978.
 12. G. Arrighi's expression (*op.cit.*).
 13. See S. Amin, "Apropos de la critique", *l'Homme et la Société*, 1976.
 14. Our views on imperialism have been developed elsewhere, notably in: "Présentation", in Beaud, Bellon, Francois, *Lire le Capitalisme*, Anthropos 1976; "La Stratégie de la révolution socialiste dans le Tiers-Monde", in *Cahiers Jussieu* n° 4, 10-18, 1977. "Sociétés précapitalistes et capitalisme", in Amin et Frank, *L'Accumulation dépendante*, Anthropos 1978. *Classes, Nations et Etat dans le Matérialisme historique*, Chap.VI et VII, also.
 15. S. Amin, "Développement autocentré, autonomie collective et NOEI" (*op.cit.*).
 16. G. Arrighi, *op.cit.*
 17. See note (14).
 18. Ongoing study on Korea.
 19. This is not the place to take up the debate on Unequal Exchange. See: *La loi de la valeur et le matérialisme historique*, Minuit 1978. "La structure de class du système impérialiste contemporain. *L'Homme et la Société*, 1977. *Réflexion sur la théorie de l'impérialisme*, to be published.
 20. See: "La rente minière", in *La loi de la valeur et le matérialisme historique*; and "Le capitalisme et la rente foncière", in *l'Impérialisme et le développement inégal*.
 21. For programmes of this kind, see: Fawzy Mansour, "Third World Revolt and Self Reliant Autocentered Strategy of Development", IDEP, mimeographed document, 1977; S. Amin, "Sept propositions pour le Tiers-Monde", *Jeune Afrique*, 1976; E. Oteiza et A. Rahman,

- "Technical co-operation among Third World countries and the international order", *Third World Forum*, occas. papers No.3, 1978.
22. On the monopoly of technology, see note (5).
 23. See *Classes, Nations, State* . . . Chap.VII (the nature of the Soviet society, technocracy and the working aristocracy in the USSR and in the East).
 24. C. Bettelheim, *La China à la mort de Mao Tsé Tung*, Maspero, 1977. Does the theory of the "4 modernisations" announce a definite turn?
 25. On "the food crisis" see: *Les limites de la révolution verte: Le paradoxe africain, le déficit alimentaire de l'Afrique; in impérialisme et sous-développement en Afrique*, Anthropos 1976, also *le capitalisme et la rente foncière, op.cit.*
 26. C. Bettelheim, *La lutte des classe en URSS*, 2 vols. Maspero 1977. Sigrid Grosskopf, *L'alliance ouvrière et paysanne en URSS, 1921-1928* Maspero 1976.
 27. On "sub imperialismes", see *Classes, Nations, States*, Chap.VI.
 28. On the less developed countries, see: "CNUCED, Un Bilan" (*op.cit.*).
 29. See *Classes, Nations, State* . . . Chap.VII.