

SELF-RELIANCE AND THE NEW INTERNATIONAL ECONOMIC ORDER

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The decades following the Second World War were marked by the rise of the liberation movement on three continents, the main goals of which, in Asia and in Africa, were the reconquest of national independence and its defense by refusing the military alliances through which the United States sought to dominate the policy of the Third World states. But in general, the goals and methods of economic development pursued did not challenge the main features of the international division of labor shaped during the last century. Hence an externally oriented and dependent development model was usually accepted. The objective failure of this model and the increasingly difficult problems gradually induced the Third World countries to embark upon a new strategy with the aim of consolidating their reconquered political independence by strengthening their economic independence.

The new development strategy is asserted in three complementary aspects: (1) the choice of a "self-reliant" development based on the principle of depending on one's own resources; (2) the priority given to cooperation and economic integration between the countries of the Third World ("collective self-reliance"); and (3) the demand for a new international economic order based on higher prices for raw materials and the control

of natural resources, access by the manufactures of the Third World to the markets of the developed countries, and the acceleration of the transfer of technologies.

It is easy to understand that such general slogans—even if they are sound—lend themselves to different interpretations. Apart from commonplace demagogic attempts by local circles, which cannot envisage development as other than dependent, to take up the slogans, and apart from their verbal and opportunistic acceptance by certain of the external forces which are in practice hostile to the goals of the new international economic order, some serious divergences remain both as to the ultimate goals and as to the means of a self-reliant development within the context of an effective attempt to impose a new world order.

Actually, the real issue is whether the alternatives can be defined as we have just done, i.e., irrespective of ultimate goals, the choice between socialism and capitalism. In other words, is the goal of *autonomous* capitalist development in the Third World countries realistic? For the developed capitalist economies are indeed self-reliant, although not economically self-sufficient. In this case, it makes sense to speak of interdependence—even among unequals (for French capitalism is not the equal of German or American capitalism). But the peripheral capitalist economies have so far been externally oriented and dependent, not “interdependent.” Could they become “self-reliant” without withdrawing from the world system of exchange of commodities, technologies, and capital? Could they do it by forcing the world system to readjust, by imposing an equal, and no longer unequal, division of labor? Could they attain this goal by means which define the program of the new international economic order? These issues cannot be evaded.

To sum up, does this recent evolution of the Third World call into question our theory of peripheral capitalism? I would recall that this theory asserts that there is a fundamental difference between the model of self-reliant accumulation and the model that describes the peripheral capitalist system, thus rejecting any linear theory of “stages” of development. It excludes the prospect of a mature, autonomous capitalism in the periphery. It asserts that a socialist break with this system is

here objectively necessary. Thus, in this very precise sense, it claims that the national liberation movement constitutes a period in the socialist transformation of the world and not a stage of the development of capitalism on the world scale. This is a permanent question, but one which arises continually in new terms. And it is these new terms that we propose to consider in this article.

II

The determining interrelation in a self-reliant capitalist system is that which links the sector producing mass consumption goods with the sector producing capital goods. This determining interrelation has been the characteristic feature of the historical development of capitalism in the center of the system (in Europe, North America, and Japan). Thus, it provides an abstract definition of the "pure" capitalist mode of production and was analyzed as such in Marx's *Capital*. Marx, in fact, showed that in the capitalist mode of production, there is an *objective* (i.e., *necessary*) relation between the rate of surplus value and the level of development of the productive forces. The rate of surplus value is the main determinant of the pattern of social distribution of the national income (its distribution between wages and profit), and hence that of demand (wages being the main source of demand for mass consumption goods and profits being wholly or partly "saved" for "investment" purposes). The level of development of the productive forces is expressed through the social division of labor—the allocation of the labor force, in suitable proportions, to each of the two sectors.

Despite the schematic nature of this model, it nevertheless describes the core of the system. External relations are left out of the model, meaning not that the development of capitalism takes place within a framework of national autarky (economic self-sufficiency) but that the main relations within the system can be understood without including such relations. More precisely, external relations are subject to the logic and the requirements of self-reliant internal accumulation. Furthermore, the model clearly brings out the historically *relative* nature of the distinction between mass consumption goods and

luxury goods. In the strict sense of the term, "luxury" goods are those for which the demand originates from that part of profit which is consumed, whereas the demand which stems from wages increases with the progress of the productive forces. However, the historical sequence in the types of "mass-consumption" goods is of decisive importance for an understanding of the problem in hand. The structure of demand in the early history of the system speeded the agricultural revolution by providing a *domestic market* for food products. Hence, agrarian capitalism came before the expansion and maturity of the capitalist mode in industry.

So, from the lessons of this model, we may derive three important conclusions:

(1) The emergence of the capitalist mode of production in the regions which were to become the centers of the world capitalist system stemmed from an internal process of breaking-up the pre-capitalist (here, feudal) modes. This breaking-up of the feudal relations of production in the European rural world constitutes the social framework conducive to the famous "agricultural revolution" which precedes—and makes possible—the subsequent "industrial revolution." The prior increase of productivity in agriculture makes it possible to drive out of the rural world a "surplus" (proletarianized) population and simultaneously gives rise to a surplus of marketed foodstuffs necessary for the reproduction of this proletariat.

(2) The interrelation in time and space of class alliances which enable new capitalist relations to flourish in industry, while it takes various forms, always expresses the same principal condition: the alliance between the new dominant class (the industrial bourgeoisie) and the landowners (either peasants—after a French-type revolution—or latifundists when the former feudal landowners are transformed and integrated into the market, as in England or Germany) in the context of a mature and powerful national state.

(3) Thus the subjection of external relations (economic and political) to the requirements of internal accumulation gradually shapes the world capitalist system. The latter emerges as a series of central formations, self-reliant and interdependent (even if they are unequally advanced), and of peripheral forma-

tions subjected to the logic of accumulation in the centers that dominate them.

So we conclude that, although the vision of a development by "stages" (with some simply lagging historically behind others) is roughly valid as regards the gradual constitution of the centers, it is not valid as regards the peripheries.

It is precisely this conclusion which is the real object of the explicit or implicit divergences in all the debates about the future of the Third World. Hence we must now consider the stages in the formation and evolution of the peripheries, and the likely prospects in front of them. For the opposite view maintains (explicitly or implicitly) that, despite their externally propelled origin, the underdeveloped economies are progressing through the specific stages of their evolution towards the constitution of mature self-reliant economies. These could be either "capitalist" or "socialist" for reasons related to a sphere which lies outside the one which defines our analytical method.

III

Let us now consider the stages in the evolution of the peripheries of the world capitalist system, at least since the middle of the last century. This model of accumulation at the periphery of the world system begins, under an impetus from the center, with the creation of an export sector in the periphery which will play the determining role in the creation and shaping of the market. The underlying *reason* which rendered possible the creation of this export sector must be sought in the conditions which make its establishment "profitable." There is no pressure for central national capital to emigrate because of insufficient possible outlets at the center; but it will emigrate to the periphery if it can obtain a better return there. The equalization of the rate of profit will redistribute the advantages of this higher return and use the export of capital as a means to fight the trend of a falling profit rate. The *reason* for creating a peripheral export sector therefore lies in obtaining, from the periphery, products which are constituents of constant capital (raw materials) or of variable capital (food products) at production costs lower than those at the center for similar

products (or for substitutes in the case of specific products).

This is therefore the framework for the *essential* theory of *unequal exchange*. The products exported by the periphery are important to the extent that the difference between the returns to labor is greater than the difference between the productivities. And this can be so because the peripheral society will by every means—economic and noneconomic—be made subject to this new function of providing relatively cheap labor to the export sector.

Here, then, the main link which characterizes the process of capital accumulation at the center—expressed by the objective relation between wage rate and the level of development of the productive forces—disappears completely. The wage rate in the peripheral export sector will, in this case, be as low as the economic, social, and *political* conditions allow it to be. As regards the level of development of the productive forces, it will be heterogeneous (whereas in the self-reliant model, it was homogeneous), advanced (and sometimes very advanced) in the export sector, and backward in “the rest of the economy.” This backwardness (maintained by the system) is the condition which allows the export sector to benefit from cheap labor.

Under these conditions, the domestic market generated by the development of the export sector, will be limited and distorted. The smallness of the internal market explains the fact that the periphery attracts only a limited amount of capital from the center although it offers a better return. The contradiction between the consumption and production capacities is overcome at the level of the world system as a whole (center and periphery) by a widening of the market at the center, the periphery—fully deserving its name—merely fulfilling a subordinate and limited function. This dynamic leads to an increasing polarization of wealth toward the center.

Once the export sector has expanded to a certain size, however, a domestic market emerges. As compared with the market generated in the central process, it is (relatively) biased against the demand for “mass”-consumption goods and in favor of the demand for “luxury” goods. If all the capital invested in the export sector were foreign, and if all the returns to this capital were re-exported to the center, the domestic

market would, in fact, be confined to a demand for mass-consumption goods; and the lower the wage rate, the smaller the demand would be. But a part of this capital is locally owned. In addition, the methods used to ensure a low return to labor are based on the strengthening of the various local social classes which serve as conveyor belts: latifundists in some places, kulaks in others, comprador commercial bourgeoisie, state bureaucracy, etc. The domestic market will thus be *mainly* based on the demand for "luxury goods" from these social strata.

This scheme actually corresponds to the historical reality of the *first phase of the imperialist system*. No doubt this phase had its golden age between 1880 and 1914; but it started earlier for Latin America, and it has sometimes lasted much longer (up to the 1950s) elsewhere, such as in tropical Africa. It is the age of the "colonial pact," the colonial and semi-colonial form of domination exerted over the periphery.

As opposed to the central model, this has three qualitatively different features:

(1) Here the capitalist model is "introduced from outside," by political domination. There is no breaking-up of pre-capitalist rural relations, but rather (this is quite different) a distortion of them because they are subjected to the laws of accumulation of the central capitalist mode which dominates them. This is shown in the absence of a prior "agricultural revolution," i.e., the stagnation of productivity in agriculture.

(2) The class alliances which provide the political framework for the reproduction of the system are not principally internal class alliances, but an international alliance between the capital of the dominant monopolies and its (subordinate) "allies," to use an all-embracing term: the "feudal lords" (meaning the varied range of dominant classes in the pre-capitalist rural systems) and the "comprador bourgeoisie." There is no really mature independent national state serving these local classes, but only administrations serving monopoly capital, directly (colonial case) or indirectly (semi-colonial case).

(3) In this case external relations are not subject to the logic of an internal development, but on the contrary are the driving force of development and determine its direction and pace.

IV

This first phase of imperialism is now over. What forces led to this and what type of evolution is taking its place?

The engine of change is provided by the *anti-imperialist national liberation movement*. This movement comprises three social forces: (1) the (still emerging) superexploited proletariat; (2) the mass of peasantry, doubly exploited by the local classes which dominate it (the "feudal lords") and by monopoly capital which has drawn the "feudal lords" into the "world market"; and (3) the national bourgeoisie, at this stage a "potential" class rather than a "real" one, which aspires to alter the terms of the international division of labor so as to acquire an economic base of its own. For the international division of labor of the "colonial pact" is simple: the periphery exports only primary commodities, with which it has to buy all the manufactured goods necessary to satisfy its needs, mainly for luxury consumption: it is not allowed any industry. The national bourgeoisie and the proletariat compete for the leadership of the national liberation movement, i.e., the leadership of the peasant revolt.

On the whole, this first phase ended in the victory of the national liberation movement under bourgeois leadership. This victory forced imperialism to revise the terms of the division of labor, and so enabled the Third World to start industrializing. We can date this victory: it is earlier in some places (for example in Mexico with the revolution of the 1910s, in Turkey with Kemal Atatürk, in Egypt with the Wafd, in Brazil and Argentina in the "populist" form) and later in the others (in South Asia after the Second World War, in Africa with the independence of the 1960s, etc.). Except for East Asia and Cuba, where the national liberation movements effected at that stage a withdrawal from the world imperialist system, everywhere else the triumphant national bourgeoisie embarked upon a strategy of industrialization which now has a name: the strategy of import substitution.

Since the peripheral model is characterized by the specific interconnection expressed by the link between the export sector and luxury-goods consumption, import-substitution industrialization will start from "the end," i.e., the manufacture of products

corresponding to the more advanced stages of development of the center, in other words, consumer durables. These products are highly capital-intensive and users of scarce resources (skilled labor, etc.). The result will necessarily be a *distortion* in the allocation of resources in favor of these products and to the detriment of the production of mass consumption goods. The latter sector will be systematically handicapped: it will not give rise to any "demand" for its products and will not attract any capital or labor to ensure its modernization. This explains the stagnation in "subsistence agriculture" whose potential products attract little demand, and which does not acquire a large enough share in the allocation of scarce resources to enable any serious changes to be made. Any "development strategy" based on "profitability" (the structure of income distribution, relative prices, and demand being what they are), necessarily leads to this type of systematic distortion.

From the "social" angle, this model leads to a specific phenomenon, the *marginalization* of the masses. By this we mean a series of mechanisms of various kinds which impoverish the masses: proletarianization, semi-proletarianization, and impoverishment without proletarianization of the peasants; urbanization and massive increase of urban unemployment and underemployment; etc. Unemployment and underemployment thus have a function different from their function in the central model: the high level of unemployment ensures a minimum wage rate which is relatively rigid and frozen both in the export sector and in the luxury goods sector; wages do not emerge both as a cost and an income which creates a demand, vital to the central model, but on the contrary figure only as a cost—demand itself originating elsewhere, from abroad or from the income of the privileged social classes.

The "externally propelled" nature of this type of development which perpetuates itself in spite of the increasing diversification of the economy, its industrialization, etc., is not *original sin* or a *deus ex machina* foreign to the dependent peripheral model of capital accumulation, since it is a model of *reproduction* of its functional social and economic conditions. The marginalization of the masses is the very condition underlying the integration of the minority within the world system,

the guarantee of an increasing income for this minority, which conditions the adoption by them, of "European" patterns of consumption. The extension of this pattern of consumption ensures the "profitability" of the luxury-goods sector and confirms the social, cultural, ideological, and political integration of the privileged classes.

At this stage of diversification and reinforcement of underdevelopment, there appear new mechanisms of domination/dependence. Cultural and political mechanisms, but also economic ones: technological dependence and the domination by transnational companies. The luxury-goods sector, in fact, calls for capital-intensive investments which only the big transnational oligopoly firms are in a position to embark upon and which constitute the material basis for technological dependence. But also, at this stage, more complex forms of the structure of ownership and economic management make their appearance. Experience shows that the participation of private or public local capital—however subservient—in the process of import-substitution industrialization is quite common. It also shows—at least in the big countries—that a large enough market created by the development of the export and luxury-goods sectors may make it possible to create a sector producing capital goods. The latter is frequently brought into being by the state. But the development of a basic industry and a public sector does not in any way mean that the system is evolving towards a mature self-reliant form, since the capital-goods sector is here used, not for the development of mass consumption, but to serve the growth of export and luxury-goods production.

So this second phase of imperialism is by no means a "stage" towards the constitution of a self-reliant economy. It does not reproduce a previous phase of central development, but on the contrary extends the first externally-propelled phase. In fact:

(1) The "agricultural revolution" has still not taken place. We must, however, qualify this a little. The national bourgeoisie in power has often eliminated some former allies of imperialism and has, among other things, carried out some land reforms on the basis of which a development of capitalism in agriculture has sometimes been launched (the "green revolution"). Can

this development "wipe out" the original backwardness of agriculture and bring the peripheral model closer to the central model? This question must be settled not in "theory," but in "fact." What we note is that the relative backwardness of agriculture has been increasing to the paradoxical point where the Third World countries, the majority of whose population is rural, have become importers of food. The reason for this failure is not mysterious, it is political: in our era the bourgeoisie has to be supported by classes capable of dominating the peasants, even if these are more broadly based (kulaks instead of large landowners); it cannot be supported by the peasant masses whose interests are in conflict with its own. While the central bourgeoisies had the "necessary time" for a slow primitive accumulation based on alliance with the peasants, those of the periphery face the dual constraint of external pressure from the monopolies and the internal threat of socialism.

(2) The dominant class alliances remain international: the bourgeoisie takes the place of the former "feudal lords" and the compradors as the subordinate ally of imperialism. Because of this, the bourgeoisie during the second phase loses its former national character: it is "compradorized." The "national" state it dominates therefore remains weak and poorly integrated.

(3) The continuation of the development process remains dependent on exports, which still consist essentially of raw materials. This main source of finance for the necessary imports of capital equipment ultimately determines the rates of growth, and in this sense growth is still externally propelled.

The crisis of this second phase of imperialism was opened by the demand for a "new international economic order."

Reduced to its bare outlines, this demand seems to be the following: to impose a rise in the real prices of raw materials exported by the Third World countries in order to acquire further resources which, together with the importing of advanced technologies, could finance a new stage of industrialization involving large-scale exports to the centers of products manufactured in the periphery with the advantage of favorable natural resources and abundant cheap labor—hence the demand for access to the markets of developed countries for these industrial products.

Since 1973 this demand has constituted the clear common objective of all the Third World countries. It is put forward as the necessary and sufficient condition for completing political independence by giving it an economic basis. It is also presented as a possible joint demand of all the Third World states irrespective of their social options and their international sympathies.

This new situation raises some essential issues on which there is a need for the most open-ended debate. The first issue is whether the local bourgeoisie—which generally dominates these states—can “combat imperialism” to impose its point of view. There are those who argue that the new international division of labor is the strategic goal of imperialism itself, and that this demand is therefore manipulated by the monopolies, particularly the North American monopolies, and does not express a specific goal of the Third World states in conflict with the strategy of imperialism. These people usually give priority to the interimperialist conflicts (United States, Europe, Japan) over the apparent North-South conflict. We know that this “theory” was abundantly formulated in connection with the raising of the price of petroleum by OPEC in 1973, both in right-wing and left-wing (even ultra-left-wing) versions. But the facts do not bear out this interpretation. In fact the theory only reflects the naive views of an ultra-left which, with wishful thinking, would like the bloc of bourgeoisies to appear without “cracks” on the world scene so as to “simplify” (on paper) the tasks of the proletariat which, they assume, are everywhere the same, because the proletariat would not have to take account of the contradictions between the bourgeoisies.

In the past, the bourgeoisie of the peripheries had clashed with imperialism. The transition from the first to the second phase of imperialism was not “planned” by the monopolies: it was imposed by the national liberation movement through which the bourgeoisie of the peripheries won, against imperialism, the right to an industry. But, as we have said, the industrialization strategy pursued during this second phase transformed the relations between the bourgeoisie of the peripheries and the monopolies. The peripheral bourgeoisie ceased to be national and became the subordinate ally of imperialism by

joining in the new division of labor. That ally is now rebelling and demanding new terms for this division of labor. It does not thereby become "national," since its demand is located right at the heart of the system, but it is rebelling all the same. If that rebellion were to succeed, it would simply inaugurate a new phase of imperialism characterized by a new division of labor. For there is no doubt that "in theory" this new division can be "absorbed," "co-opted." But only "in theory," because what counts in history are the unexpected accidents, and there can be some here and there in the peripheries and in the centers (and serious ones for capitalism) during the transition, laden with contradictions, from the second to the third "theoretical" phase of imperialism.

The second issue is whether this third possible phase would, or would not, be a stage towards the autonomy of the peripheries. The bourgeoisies of the Third World argue that it would be, just as they asserted at the beginning of the second phase that *it* would be. But the facts have belied these illusions, which were shared at the time by a large proportion of the left in the Third World.

My own view is that if the demands of the peripheral bourgeoisie were to succeed, this would not by any means constitute a new stage along a line of development leading gradually to the flourishing of mature capitalist formations similar to those of the developed centers. Once again, the vision of a linear development by stages will inevitably be disproved.

The reason, a quite fundamental one, is that the new division of labor would be based on the export by the periphery of cheap manufactured goods, i.e., goods for which the advantage of low wages (bearing in mind comparative productivities) makes it possible to raise the rate of profit in the world system as a whole. The world-wide equalization of profit would then modify relative prices and hence would conceal this extra transfer of value from the periphery to the center. In other words, the new division of labor would perpetuate and worsen unequal exchange. Furthermore, this unequal division of labor would perpetuate the distorted pattern of demand in the peripheries to the detriment of mass consumption, just as in the previous phases. Therefore, the development of the world

system would remain fundamentally unequal, and external demand would still be the main motive force propelling this still dependent type of development.

Need we add that, in this context of renovated dependence, the backwardness of agriculture would also be perpetuated? No doubt some nuances must be introduced here, because, after all, capitalism would continue the progress in agriculture which it started in the second phase of imperialism, but certainly at rates far lower than the progress to be expected in the traditional and new export sectors and in that of luxury goods production for the domestic market, since these sectors benefit from massive importing of the most advanced world-scale technologies.

In this general context, we may well wonder what could be the real significance of the slogans about "self-reliant development" and "collective self-reliance" which accompany the demand for this new international division of labor.

Actually, the first of these slogans would be devoid of all content. It would mean nothing more than the ideological justification of the (impossible) claim that a development "by progressive stages" within the world system of (unequal) division of labor ought to lead to economic independence.

On the other hand, the second slogan—"collective self-reliance"—does acquire a meaning, albeit a particular one, in this perspective. The first two phases of imperialism did not imply any "cooperation" between countries and regions of the periphery. Being exclusively outward-oriented and limited in their industrialization to the satisfaction of their domestic markets, the peripheral economies had nothing to exchange with each other. In theory, the third phase of the unequal division of labor does not call for any more positive cooperation between the Third World countries, apart from conducting a joint struggle for an increase in the prices of their primary exports (through producers' associations), since the "second wind" of peripheral industrialization would derive its momentum from exports to the centers. The fact remains that the Third World countries are highly unequal candidates for taking advantage of this new division of labor. Those best placed as regards their economic potential (abundant natural resources, more advanced proletarianization, etc.) and their political solidity ("legitima-

tion" of the power of the weak local bourgeoisie, military strength, etc.) could advance faster on the path of the new dependence if they also had markets in the less developed countries and if they could have direct and cheap access to their supplies of raw materials and food. Naturally, the problematic of the so-called sub-imperialism is relevant here.

An example will illustrate this vision of the interlinking of the "Third" and "Fourth" Worlds in the new global perspective. Together, the countries of the Persian Gulf, Egypt, and Sudan constitute—if the political conditions were favorable, which is far from being the case today—a "good candidate." The Gulf would provide the capital; the export industry would be concentrated in Egypt; and Sudan would export food to the latter. Let us look more closely at the mechanism of this interlinking. Even if Sudanese agriculture were to be "modernized" so as to supply the necessary exportable surplus, its productivity would still for a long time to come be lower than that of the advanced countries. But Sudanese foodstuffs will have to be competitive with those of North America on the Egyptian market to ensure the lowest possible wages in Egypt. This would be possible only if Sudanese peasants were superexploited (rewards to labor more unequal than the differential productivities). In its turn, Egypt proletarians would be superexploited since their starvation wage together with their relatively high productivity would make it possible to export their products to the centers. A double and interlinked unequal exchange would operate in favor of the center; the Sudan would cease to be directly dependent on the center and would become the partner of the higher ranking periphery in which the export industry would be concentrated.

VI

But if this is the content of the organization of the new phase of imperialism, cannot the triple demand for national autonomy, collective self-reliance, and a new world order have quite a different meaning and aim at different goals? If so, under what conditions?

While the pivot of the neo-imperialist interpretation of the program in question is a new unequal international division

of labor conditioning both the internal strategies and the objectives of intra-Third World cooperation, this same program assumes quite a different meaning when one proceeds in the opposite direction, i.e., when one *first* defines the internal objectives of a really self-reliant and "popular" development and *then* considers the ways in which the world order must be acted on in order to promote the achievement of these objectives.

A genuinely self-reliant development is necessarily that of the people, because externally-propelled development in all phases of evolution of the imperialist system effectively benefits the privileged dominant classes which make an alliance with the monopolies. Conversely and as a corollary, a "popular" development can only be national and self-reliant. For in order to serve the mass of the peasantry, industrialization must first be made to concentrate on improving rural productivity. Similarly, in order to serve the urban masses, it is necessary to give up luxury production for the local market and give up exporting, since they are both based on the reproduction of a cheap labor force. Let us consider more closely this authentic strategy aimed both at national independence and social progress.

So far the industrialization of the Third World has not been contemplated as aiding the progress of agriculture. Unlike the countries of the center, where the "agricultural revolution" preceded the "industrial revolution," the countries of the periphery have imported the latter without having started the former stage. That is the source of the distortions typical of these countries, and of the renewed dependence which fetters them. First we must go into reverse gear. Up to now industry in the Third World has been parasitic, in the sense that it has based its accumulation on extortions from the rural world in real terms (it gets its labor from the rural-urban migration) and financial terms (heavy taxation, internal terms of trade unfavorable to the peasants, etc.) with no counterpart provided in return to sustain a take-off of agriculture. How can this course be altered? Clearly all cost-benefit criteria, which are necessarily based on reproducing price and income-distribution patterns, must be entirely abandoned and replaced by other fundamental criteria of resource allocation. Two essential issues are involved here which we will simply point out: (1) how a

"modern" industrial sector, with its basic guidelines renovated, is to be linked up with the sector of small-scale rural industries which can directly mobilize the latent forces of progress, and (2) why the social form required here is that of rural collectivization, even at a low level of development of the productive forces, and not the form of "private" agriculture even if remodelled by a radical land reform. It is only on these conditions that agriculture—which must first make up its historical time-lag—will be able to finance a healthy industrialization and provide a food surplus sufficient to ensure national independence.

Similarly, industry must be made to serve the poor urban masses and no longer be guided by the "profitability" criteria which favor the privileged local market and exports to the developed centers.

In any case, this kind of remodelled industry cannot find its technological models ready-made in the developed countries. Nor can it find them in the technological past of the centers, borrowing their production techniques of yesterday, as the theme of "intermediate technologies" suggests. This is because the problem here is different, since in this case industrialization has to enable the agricultural revolution to take place, whereas in the center it was based on that revolution. So the real issue is not the conditions of "transfer of technology," but the creation of conditions conducive to creativity in this field, not out of motives of "cultural nationalism" but for objective reasons. Furthermore, there is another problem to be pointed out: the borrowed technologies are necessarily carriers of capitalist relations of production, whereas the social framework required by the agrarian revolution and urban mobilization must be socialist. This is a fundamental question which reflects the fact that socialism is necessary in the periphery since it is an essential condition of progress and independence and not, therefore, the result of an ideological or moral motivation which could be "free." We simply raise this question in passing; it is the reason why we shall continue to assert that the national liberation movement of the periphery mainly constitutes a stage in the socialist transformation of the world and only secondarily a phase in the development of capitalism.

Although a self-reliant development model is not in theory synonymous with autarky, it may lead to it whether we like it or not, for obvious internal and external political reasons. This may be the case, not only for vast countries—witness the experiences of the USSR and China—but even for small countries (Korea, Vietnam, Cambodia, Cuba, Albania). So, although autarky in itself is not synonymous with self-reliant development (think of Burma), it may be the condition for it under certain historical circumstances.

But imposed autarky may also, if it is too drastic or total, hamper self-reliant development by involving extra costs which could in some cases be very heavy. For the point is not to reject any theory of comparative advantages, but only to note that if the international division of labor is unequal, the argument of comparative advantages loses its validity. A country choosing the self-reliant and “popular” path may find itself in a situation where it is relatively cheaper to import certain inputs needed to accelerate its development (such as energy in some cases, or certain raw materials, or capital goods) than to do without them.

To deal with this type of problem, the liberated states of the Third World could act collectively in two directions:

The first is that of mutual assistance. For those Third World countries rich in natural resources which are usually exploited for the sole benefit of the developed countries, could exchange with each other the raw materials that will be useful for their national projects of self-reliant development. At present these imports nearly always transit through the developed centers which control the raw materials “markets” and centralize the payment facilities. By agreements for mutual assistance (trade agreements and multilateral-payments agreements), the liberated countries of the Third World could short-circuit these middlemen. Moreover, exchanges of technology could accelerate the development of appropriate production techniques, since the problems the Third World countries have to solve are often similar. We can see that this type of cooperation within the Third World is very different from what was envisaged in the neo-imperialist context. We are no longer talk-

ing of "common markets" which can only reproduce and aggravate the inequalities of development. What we propose is guidelines for a "package deal" in the spirit of cooperation in the service of an autonomous national development.

The second direction of collective action is aimed at modifying the international division of labor between developed countries and Third World countries in the direction of a reduction of inequality, and no longer that of a "renovation" with no reduction of inequality. At present a large number of Third World countries have already been won over to the idea of confronting the veritable monopoly of the "consumers" with associations of raw-materials producers, and of strengthening these associations by establishing collective support funds. A self-reliant development strategy involves more than this. It requires as a first step the national (state) control of the exploitation of its natural resources. By this we mean not only the formal nationalization of that exploitation, but *also* and *above all* the regulation of the flow of exports and the *reduction* of the flow of imports required by the internal strategy of self-reliant development. For at present the externally oriented strategy is based on exactly the opposite relation: exports are first pushed to the maximum, solely as a function of the "demand" (of the centers), and then the question arises of how to use the export earnings. The unequal international division of labor is based on this strategy. Reducing inequality in the division of labor most certainly implies reducing the flow of raw-materials exports. The incredible resistance of the developed world to this reduction is evidence that the center, despite so many misleading speeches, cannot do without the pillage of the Third World. If that pillage were to stop, the centers would be forced to modify their structures accordingly, in order to adjust to a new, less unequal international division of labor. Then, and only then, could we begin to speak of a genuine new world order, and no longer merely of new terms of the unequal international division of labor.

These two general lines—that of a new imperialist order and that of an order which would really promote progress in the liberation of the peoples of the Third World—are not just

two verbal themes, two possible theoretical alternatives. They are already actually clashing and are the subject of daily conflicts.

The main reason for this is the contradictory nature of the national liberation movement. This reflects both the development of capitalism and its crisis. Hence the trends of capitalism and those of socialism are constantly clashing within the movement itself, precisely because the forces of capitalism here are still those of a weak, peripheral, dependent capitalism, which objectively cannot attain the goals of a mature capitalism. These forces are clashing in all the regimes of the Third World. We know very well that these bourgeois trends also persist in those countries that have broken with capitalism. But, conversely, the capitalist states of the Third World do not have the complete and unilateral nature of the central capitalist states. Hence the volatility of their regimes and the wide range of situations, ranging from triumphant neo-colonialism through shamefaced or crisis-ridden neo-colonialism to nationalism in conflict with colonialism.

For the conflict with imperialism has well and truly begun. So far the themes of the new international order have been totally rejected, as witness the failure of UNCTAD IV and of the North-South negotiations. At the ideological level itself, the Club of Rome is endeavoring to oppose a substitute construct to these themes. The fact is that the themes of the new order involve the aspiration to control natural resources and to strengthen national states, which imperialism does not accept. Imperialism would therefore like to substitute for the new order the "Rio Project" (Reshaping of the International Order!) which is an ideological formulation of the need to transfer some of the industries of the centers to the peripheries under the wing of the multinationals.

In theory, the new unequal division of labor would suit the bourgeoisies of the peripheries and the monopolies of the centers. For the transfer of industries would make it possible to recreate in the center a reserve army of unemployed which a quarter of a century of growth has reduced to such an extent that the system has lost its "normal" flexibility. And this unemployment would raise the rate of surplus value in the center

itself. In the longer run, the center would develop the new activities that control the whole system—the “quaternary” (software, research and development, etc.), the new leading industries, the military sector—thereby renewing and extending the conditions of the Social Democratic hegemony in the center.

But in the long run, as we know, we are all dead. At present resistance to the transfer of industries still largely prevails. And this resistance frustrates the Third World bourgeoisies who, being the weaker partners, would have to bear the whole brunt of the crisis. It then becomes impossible to attenuate the violent social contradictions of the Third World: the food deficit gets bigger, the establishment of export industries is postponed *sine die*, etc. Hence the political conditions may evolve in a direction favorable to the beginning of self-reliant development. This is the reality: the struggle of the Third World against the dominant imperialist hegemony. For many reasons, this struggle is still today the main force for the transformation of the world.

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