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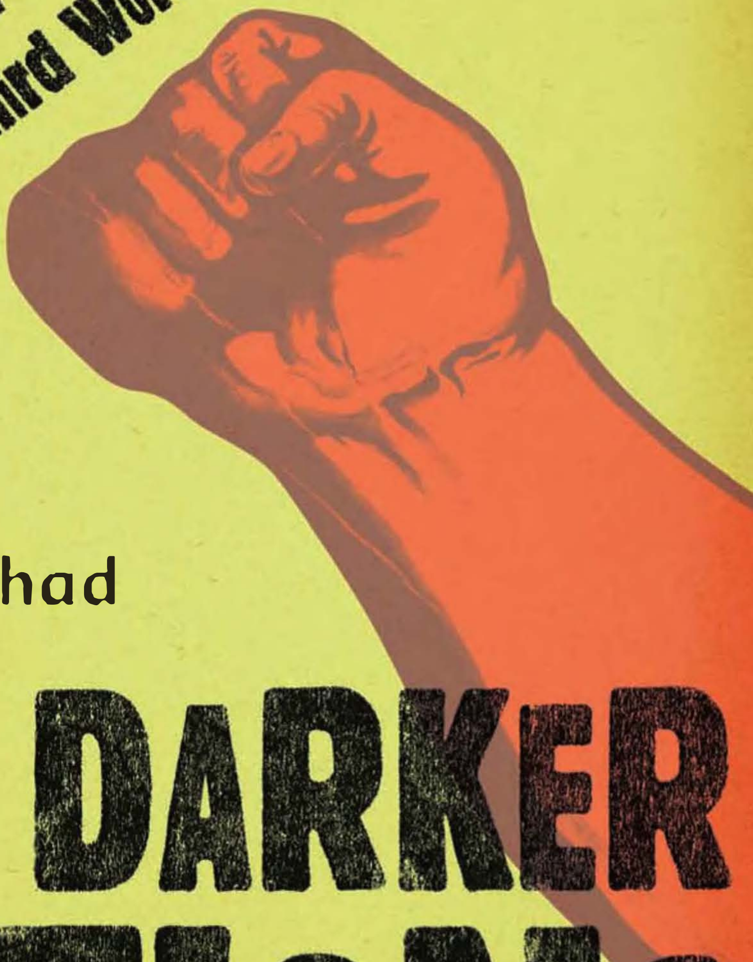
A People's History of the Third World



Vijay Prashad

THE DARKER NATIONS

A NEW PRESS PEOPLE'S HISTORY | **Howard Zinn**, Series Editor

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A People's History of the Third World

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VIJAY PRASHAD

Series Editor
Howard Zinn

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BUENOS AIRES

In 1949, Raúl Prebisch wrote and circulated a paper titled "The Economic Development of Latin America and Its Principal Problems."[1] Prebisch, formerly undersecretary of finance in Argentina and then the first director general of Argentina's Central Bank, had been appointed to head the UN Economic Commission for Latin America (ECLA) in 1948. ECLA circulated the paper to continue a conversation among economists in the darker nations on the problem of "development." The paper traveled from Buenos Aires into many languages, and mimeographed copies of it found their way into the planning commissions of many of the new nations. The basic problem raised by the paper is elementary: how should the overwhelmingly impoverished Third World create economic policies geared toward the development of the totality of its population? After centuries of imperialism, the new nations had been left with economies that relied on the sale of raw material and the import of finished goods. This fundamental imbalance meant that countries like Argentina had to export vast amounts of raw materials at relatively low prices, whereas their import bills would be inflated with the high prices commanded by industrially manufactured goods. What would be the instrument to break out of this vise? That was the "principle problem" of Prebisch's paper.

ECLA and Prebisch had an answer, born out of the discrete experience of Latin America, notably its powerhouse of the time, Argentina. Until the early decades of the twentieth century, the dominant classes in Argentina held no brief for nation building. The oligarchs, the *haute portenos*, ran the country with an iron fist and held their own wealth in European banks (which meant that they preferred fiscal policies that favored Europe's currencies against Argentina's economic strength). This detachment of the elite fueled the growth of a socialist movement, led by Juan B. Justo and the trade unions, and it angered patriotic sections of the elite (such as Carlos Pellegrini, who carped, "We must strive resolutely for our financial independence").[2] Argentina's industrialization grew in the breach, when European and U.S. capital neglected the region for the period between the Depression of the 1930s and the wars of the 1940s.[3] As the Argentine minister of agriculture said in 1933, "The isolation in which we have been placed by a dislocated world obliges us to manufacture here what we can no longer buy in countries that buy from us."[4] British capital owned most of Argentina's railroads, and the Swiss, the United States, and the British owned almost half of its industries. The authoritarian populist Juan Péron bought the railroads from the British (despite the assessment of his adviser Miguel Miranda, "We do not propose to use our blocked funds in order to buy out-of-date equipment"), incorporated trade unions into the state, pushed ahead with industrialization (financed by the agricultural sector)—all the bedrock of his "non-aligned" El Tercera Position, the Third Position foreign policy from 1946 that resembled the formation of the Third World.[5] In 1947, Péron appealed to the economic nationalist tradition of Justo with his "Declaration of Economic Independence."[6] Import substitution and the use of foreign aid (including recycled Nazi gold) became useful as strategies for Argentina out of necessity rather than as foresight.[7] Prebisch, who otherwise detested Péron, drew from this experience when he went to work at ECLA.[8]

By the 1940s, it was obvious that the "core" of the world economy (the United States and a rebuilt Europe) had a technological advantage over the "periphery." The primary commodities produced in the periphery had a lower elasticity of demand than manufactured commodities: if raw material prices dropped, it would not mean an increase in demand for them. The core would be able to buy what it needed at lower prices, while the periphery would be unable to make up the difference in an increased volume of sales. Manufactured goods did not suffer from this problem for a variety of reasons. A combination of technological advantages, unionization, and the vagaries of the prices of primary products meant that the core enjoyed a sizable gain in the "terms of trade."[9] This line of argument forms the terrain of a field of study inaugurated in the late 1940s called "development economics."

From his experience and studies, Prebisch concluded that the new nations needed to move from the production of raw materials to that of manufactured goods. Such a strategy could be implemented through an infusion of capital investment (to create industry) or else the creative use of import-export legislation. Both these approaches should have attained global consensus, especially since both had precedents in the history of the United States and Europe. The United States and Europe at different times used tariffs and other legal mechanisms to protect and harness their domestic economies, and the United States began the Marshall Plan in 1947 to bring capital into war-ravaged Europe. Nevertheless, according to Prebisch's colleague H.W. Singer, the establishment economists in the United States and Europe as well as their leading politicians saw the development economists and the leaders of the Third World as "irresponsible wild men, radical utopians who could at most be entrusted with minor extensions and offshoots" of policy already decided by the First World–dominated institutions.[10]

Despite the contempt of the U.S.-European establishments, the lower levels of the United Nations attempted to build consensus among most policymakers on the problem of investment. In 1951, the United Nations released a report on the theme of capital investment, *Measures for the Economic Development of Under-Developed Countries*. The UN Department of Economic Affairs had wondered, along the grain of development economics, about the capacity of the new nations to break out of their poverty. Whereas most economists agreed that a modern economy required capital formation at about 10 percent of national income, that of the Third World did not even come close to half that percentage. The addition of foreign investment and aid did not make any appreciable difference. National savings and investment barely matched population growth, and with the hemorrhage of national resources toward an uneven world system, little remained for the population. Because of this, the report concluded, "How to increase the rate of capital formation is therefore a question of great urgency."[11] "The tragedy of investment," wrote the Polish economist Michal Kalecki, "is that it is useful."[12]

The report asked the most compelling question of the age: how can sufficient capital be harnessed to do the important work of reconstruction for economies battered not just by the world depression of the 1930s and the wars of the 1940s but by the centuries of colonial depredation? Would the new nations formed out of anticolonial movements be able to move ahead and create economic equality as they had already secured political equality? Would the new nations have a Marshall Plan, or would the powers only be interested in the regeneration of Europe's economy?

Europe, devastated by World War II, had received a dispensation of (mainly) U.S. money: from 1947 to 1953, the United States pumped $13 billion into Western Europe and raised its industrial plants to prewar levels (and in some cases, higher). Between 1948 and 1953, industrial production increased by over a third, and agricultural growth spiraled upward.[13] Nothing similar came the way of the formerly colonized world. Instead of such a vast transfer of wealth to the new nations, the policymakers in the United States and Western Europe held that modest aid and some technology transfer alongside minimal state intervention on the state and interstate level would help engender growth in the new nations.

The mainstream view in the field of economics and the halls of power within the United States and Western Europe held that development for the formerly colonized world would come through the precepts of "modernization theory." The problem of the colonized world was not so much its poverty but its traditionalism (including low levels of technological development). The traditional cultures needed to be cracked by political stability and the growth of science—both of which would be helped along by capital investment. Like the development economists, the modernization theorists also believed that an investment of about 10 percent of the national income would be necessary, in the words of W.W. Rostow, for a "traditional society" to achieve "takeoff" into modernity.[14] But where Rostow and the modernizationists differed from the development economists was in their assessment of where the money must come from, and what it must do. Largely, the investment would come from a modicum of foreign aid and a better use of national savings, which after a period of growth over some decades, would produce the level of national income for a takeoff into "maturity." The investment money, for Rostow, should go toward the commercialization of agriculture and the creation of transportation-communication networks. The rest of the economy had to be left outside the domain of state action.

Modernization theory typically put the onus for development on the cultures of the so-called traditional societies, and thereby excised the history of colonialism. This elegantly returned the emergence of capitalism to its pristine European setting, for like sociologist Max Weber, modernization theory contended that the darker world did not have the culture of frugality and thus willed itself into poverty. "The question of the motive forces in the expansion of capitalism," Weber wrote in 1904, "is not in the first instance a question of the origin of capital sums which were available for capitalistic use, but above all, of the development of the spirit of capitalism."[15] Capitalism, in précis, emerges in Europe because the Europeans crafted a special spirit that summoned wealth.[16] Such assertions irked intellectuals from the colonized world. Why is India poor, asked Dadabhai Naoroji? "It is not the pitiless operation of economic laws, but it is the thoughtless and pitiless action of the British policy; it is the pitiless eating of India's substance in India, and the further pitiless drain to England; in short, it is the pitiless perversion of economic laws by the sad bleeding to which India is subjected, that is destroying India."[17] The Third World bled to make Europe grow. Modernization theory avoided this, and rather sought to "Protestantize" the cultures of the world to seed capitalist culture.[18]

Against modernization theory, Prebisch and development economics in general started with the impact of colonial rule. Colonialism ravaged the world, and left more than half of it bereft of capital and with a surfeit of poverty. In 1500, the average per capita income in Europe ran only three times more than that in Africa and Asia, whereas in 1960, it was ten times greater. Colonial rule not only impoverished the darker nations but also appropriated wealth to produce the great leap forward for Europe and the United States. Prebisch, born in San Miguel de Tucumán in the northwest of Argentina, had an early education in both the plunder and the nationalist response to it. Of plunder, he would know of the mountain of Potosí, across the border in Bolivia, from where the Iberian colonialists drew incalculable amounts of silver.[19] The money entered Spain, but rapidly left to pay for the Crown's debts along with its imports from England, France, Holland, and Italy. The banks that held this currency boom nurtured the capital that went out to furnish the early factories of northwestern Europe.[20] Not only was San Miguel de Tucumán on the crossroads that joined Potosí to the rest of the southern cone, but also in 1816, it was the site where the nationalist forces convened a congress to declare the independence of Argentina. This declaration came partly because of the realization that the drain of wealth led to the distortion of the social goals of the people of South America, as it also led to the development of Europe.[21]

Since Europe and the United States benefited from colonial rule, they must bear responsibility for it. To be responsible should mean that the First World needed to provide outright grants to the Third World (what would later be called "reparations"). To ask the people of the Third World to sacrifice more toward development would be morally inappropriate. "The social tensions of our time," Prebisch wrote, "will often induce us to use an exaggerated proportion of resources in order to improve present consumption levels, or to make social investments for immediate welfare, at the expense of economic investments for future welfare. To give way to this pressure would defeat the social objective of [steadily] increasing the standard of living of the masses."[22] To fail to industrialize because of a lack of investment would be equally immoral because it would condemn parts of the world to stagnation, to socialized poverty. Indeed, some economists felt that the raw material producers should not industrialize because, as Prebisch put it, "if they were to do so, their lesser efficiency would result in their losing the conventional advantages of such exchange."[23] The idea of "comparative advantage" held that a country should specialize in the production of that which it can do best; or as David Ricardo put it in his 1817 tract, a country should not try to stimulate industry artificially, rather it should simply follow "the peculiar powers bestowed by nature."[24] In Ricardo's example, what makes the United States suited to grow corn and France suited to cultivate vines, and what makes England proficient in the manufacture of "hardware" or industrially produced goods? Is the argument for comparative advantage rooted in nature? Was England always the blessed isle of hardware? Or were the mercantilist policies and colonial extractions that preceded Ricardian "free trade" responsible for the creation of England's advantages?[25] The development economists rejected Ricardo's occlusion of colonialism, and the reliance on strategies that freed up the First World to donate aid rather than rethink its own financial and political dominance.[26]

Prebisch rejected the theory of comparative advantage, because he demonstrated that each region of the world could enjoy the fruits of modernity as much as the others. This did not mean that every region should produce everything for itself and therefore live in a state of pure autarky. On the contrary, trade is crucial because some regions have smaller markets than others, and raw materials and agricultural lands are not evenly distributed along national lines. But the basis of trade had to be altered. It could not be premised on the idea that some states are naturally good at being harvesters of low-value raw materials and others are naturally proficient at being producers of high-value-added finished products. The theory of comparative advantage, Prebisch claimed, stifles genuine economic development. And further, since modernization theory promotes the view that national income and investment capital must be raised from the export of raw materials, it will only entrap the new nations more deeply. As Prebisch and the development economists saw it, the import of manufactured goods and the export of cheap raw materials will continue to drain capital and fail to enable the conduct of technological improvements toward socioeconomic development. The cycle of dependency would intensify rather than break.

To counter this, Prebisch argued that raw material exporting states should create some mechanism to develop a domestic industry, and absent outright grants, the best approach would be legal-political. The new nations should use tariffs to make imports prohibitive (what became known as "import-substitution industrialization" or, in another guise, the "infant industry" thesis). Prices in the core remained high partly because of the *political* role of trade unions and industrial monopolies. The periphery needed its own political strategy, and this would have to be in the realm of interstate trade.

The darker world contributed greatly to the development of Europe, and based on this evidence, it is clear that the invisible hand is white. And the First World wanted it to remain white. Powerful nations, such as England and later the United States, foisted the rules of trade on the lesser peoples through an act of will rather than the laws of economics. The contempt of the First World's economists was palpable. John Maynard Keynes, for instance, complained to the English government about the invitations being sent out to the darker nations for the Bretton Woods Conference. Those that had been invited from Colombia to Venezuela, from Liberia to the Philippines, he noted, "clearly have nothing to contribute and will merely encumber the ground." For Keynes, this is "the most monstrous monkey-house assembled for years."[27] Only technocrats from the advanced industrial states should be allowed to formulate the rules, because otherwise those from the raw material providers would begin to make unbearable demands.

Indeed, this is just what happened at the UN Conference on Trade and Employment in Havana, Cuba, in 1948. At the preparatory conferences in Geneva and London, several of these formerly colonized states took leadership roles in the demand for the right of states to use tariffs as a mechanism to promote domestic industrialization. In Geneva, the powers allowed such tariffs only after permission had been obtained from the proposed International Trade Organization (ITO). The raw material producers returned to the fray in London, demanding that they be allowed to use tariffs, and once established, the ITO could examine them to see if they were unnecessary. They did not want to get advance permission for a policy that they saw as essential.

In Havana, the delegates from the darker nations drowned out the operatic expertise of the ennobled economists with "a chorus of denunciation," in the felicitous phrase of the U.S. delegation's head, Clair Wilcox. The delegates from the Third World pointed out that the Geneva draft only represented the opinions of the imperial powers, that it "held out no hope" for the rest of the world. The aggrieved delegates proposed eight hundred amendments, of which two hundred would have entirely sunk the ITO.[28] These nations denounced the 1947 creation of the General Agreement on Trade and Tariffs (GATT) in Geneva because it was restricted to the advanced industrial states. They objected to GATT's oversight of the economic rules, and demanded that they have the right to use preferential systems when it suited them. The chorus fell on deaf ears, as GATT remained and an ITO to work for the benefit of the peasant nations failed to emerge.

The question of preferential treatment in interstate trade, mainly the use of tariffs, continued to be a central instrument on the Third World economic agenda. It was the main economic plank out of Bandung.[29] The Third World states in the United Nations nurtured the theory and pushed it in every one of the forums. The argument for tariffs was as follows: The Third World states wanted to erect a discriminatory tariff regime to favor development. They wanted to allow their states to use tariffs against products from the industrial powers, just as they wanted the industrial powers to drop their various barriers to the entry of goods from the Third World. In other words, they implicitly accused the First World of a tariff policy that worked to its benefit, and now called for a reversal of the tariff mechanisms. Third World states should use tariffs and preferences strategically to block the import of those goods whose production could be promoted domestically. Tariffs would stimulate a domestic industry, and capital for industrialization could come from foreign aid or a better utilization of the domestic surplus. The point of industrialization was to increase the productivity of labor, whose end result was not simply an increased growth rate but a better standard of living for the masses. "Industrialization was not an end in itself," Prebisch wrote, "but the principle means at the disposal of those countries of obtaining a share of the benefits of technical progress and of progressively raising the standard of living of the masses."[30]

The issue of tariffs should actually be seen as subordinate to a more important point raised by the development economists and the Third World states, and this is the need to constitute a united Third World institutional framework to grapple with capitalism's uneven effects. To this end, Prebisch and the Third World states worked to create cartels of primary commodities, so that the producer nations could band together to get good prices for their products.[31] To stimulate trade across the Third World and create pricing mechanisms that were not determined by monopoly capitalism, the Third World states called for the "creation of conditions for the expansion of trade between countries at a similar level of development."[32] In 1961, Latin American, African, and Asian states created frameworks for common market arrangements in "a climate of mutual aid," as the Afro-Asian Organization for Economic Cooperation put it.[33] ECLA and the Oficinas de Estudios para la Colaboración Económica helped set the framework for the Latin American Free Trade Association (and in 1969, the Andean Pact); thirteen Francophone states created the Afro-Malagasy Union; Algeria, Ghana, Guinea, Mali, Morocco, and the United Arab Republic drew up the African Charter in Casablanca that same year to create a common market, the African Bank for Economic Development, and the African Payments Union; and the Afro-Asian Organization for Economic Cooperation called for the creation of an Afro-Asian common market. These initiatives sought to unite the economic and political power of the Third World to craft new forms of trade to ameliorate the effects of uneven imperialist exploitation.

The Third World states pushed for the creation of a UN institution to implement their agenda. If GATT had already become the instrument of the First World, the Third World wanted its own counter. The creation of the UNCTAD was just this instrument, with Prebisch as its first secretary general. One hundred and twenty countries attended the first conference in Geneva, and eventually seventy-seven of them joined together to form the G-77, a major bloc of the unwashed led by Prebisch within the United Nations and elsewhere. In Geneva, the G-77 called for increased exports into the First World's markets, better prices for raw materials, compensatory finance, and compensatory discrimination in tariffs.[34] The UNCTAD and its G-77 joined such formidable intellectual powerhouses as the UN Economic Development Administration (formed in 1949, and the brainchild of V.K.R.V. Rao, the chair of the UN Sub-Commission for Economic Development) and SUNFED (formed in 1953 as a "soft aid" delivery institution, one that gave grants for capital investment, which had no support from the First World).[35] These groups dedicated to the economic development of the Third World had allies in the UN Food and Agriculture Organization, and after 1966, the technical UN Development Program. The UNCTAD challenged the power of the First World's global corporations and its droit de seigneur on the products of the formerly colonized world.

At the United Nations in 1963, the Third World states pushed through a resolution for "more adequate financial resources at favorable terms" to facilitate the Prebisch agenda. This feint followed the broad demands formulated at Bandung, for the "investment of foreign capital" only if it came without strings, and could make "a valuable contribution" to the social and economic development of the new nations.[36] The pledges of disinterest were more honored in the breach than in the observance.

The First World took umbrage at the creation of the UNCTAD.[37] The U.S. government had set its sights on GATT, the IMF, and the World Bank as instruments of development. GATT allowed the First World to have an advantage in interstate trade, the IMF enabled First World banks to survive fiscal slumps in the debtor nations, and the World Bank engineered development that benefited monopoly corporations. The "economic hit men" went out to the darker nations, wrote reports that asked for highly technical development, engineered loans from First World banks for impoverished countries, drew in First World construction firms to build overcapacity infrastructure, and saddled the state with an economic debt that it tried to recover politically.[38] The UNCTAD drew the Third World states into the discussion, whereas GATT, the IMF, and the World Bank tended to keep them out, and preferred technocrats who would apply their recipes without discussion or negotiation.[39]

The First World pushed its own agenda for development, which included all the lineaments of modernization theory alongside "foreign aid." The U.S. government and its satellite nonprofit foundations offered funds for development, but with a carefully calibrated rate of return for the United States itself. The U.S. president of the World Bank, Eugene Black, quite forthrightly remarked, "Our foreign aid programs constitute a distinct benefit to American business. The three major benefits are (1) foreign aid provides a substantial and immediate market for United States goods and services, (2) foreign aid stimulates the development of new overseas markets for United States' companies, (3) foreign aid orients national economies toward a free enterprise system in which United States' firms can prosper."[40] The U.S. government, moreover, provided aid not only for economic purposes but also for the purchase of military hardware. In 1951, U.S. secretary of state Dean Acheson noted, "Economic and technical assistance must be sufficient to support the military programs and to deal with some of the fundamental problems of weakness where weapons alone are no defense."[41] Guns predominated over butter not because of any primordial blood lust in the tropics but because the principle providers of aid, the United States and

Europe, preferred such aid to bind new nations in military pacts. If their allies became banana republics, it had as much to do with the shipment of this weaponry as it did with any local culture of a strong leader.

The First World's foreign aid regime moved the USSR and the People's Republic of China into a cold war over aid.[42] If the one decided to assist a country in the formerly colonized world, the other would offer something as well. The Third World began to play one side against the other to get as much assistance as possible—a ploy that diverted attention from the system transformational agenda of the UNCTAD and the G-77. The USSR and China, however, did not have access to the massive financial armory at the disposal of the far richer First World. The USSR touted its success in the transformation of a mostly agricultural, feudal society of the czarist period to an industrialized superpower—all driven not by the market but by socialist planning. But World War II devastated the Soviet physical plant, and after the war, what wealth remained went into the reconstruction of the USSR and its newly constituted Warsaw Pact. When the First World moved into the business of foreign aid, the USSR despite its disadvantages could not be far behind.[43] Even though USSR aid for the Third World would only account for about 15 percent of Soviet foreign trade, much of the economic interactions with the formerly colonized world was in the form of barter, bilateral noncurrency exchanges, and industrial cooperation. The USSR also exchanged technological products (including weaponry) for raw materials and consumer goods—all without the burden of hard currency. The entry of the USSR into this arena put additional pressure on the United States and Europe, so that aid became part of the overall chess match between the USSR and the United States.[44]

This is not to say that the USSR and the United States had identical trade policies, only that their effects in the Third World were similar. Neither aid from the United States nor the USSR helped to undermine the structural problem identified by Prebisch: the terms of trade, and the dependency relationship this engendered. The USSR, within the Council for Mutual Economic Assistance (Comecon—made up of Cuba, Mongolia, Vietnam, and the USSR) provided aid and bought goods at reasonable prices. An informed study of trade conducted between the USSR and Eastern Europe through the auspices of the Council of Mutual Economic Assistance found that the USSR traded low-value raw materials and agricultural products for Eastern European machinery. In that case, Eastern Europe directed the trade, and the USSR played the part of the low-value exporter.[45] The "Soviet

Subsidy" was the uncomfortable reality for other parts of the Third World that adopted a socialist path (such as Cuba), although this subsidy did not come without its own constraints (such as a dependence on Soviet exports of a vast array of products).[46]

In 1957, the Russian-born U.S. Marxist Paul Baran published *The Political Economy of Growth*, in which he demonstrated the futility of foreign aid and the import-substitution industrialization strategy. "Far from serving as an engine of economic expansion, of technological progress and social change, the capitalist order in these countries has represented a framework for economic stagnation, for archaic technology and for social backwardness."[47] Most critics of Baran struck at his premise: that the Third World economies had developed to the stage of monopoly capitalism, and therefore, that aid would only strengthen the capitalist and not enable any social development. Debates raged in the radical journals over this theme, and it was the principal point of disagreement among revolutionaries. While Baran might have overstated his thesis and the role of monopoly capitalism within the darker nations, his critique of the reliance on the growth strategy was on point. The aid from outside (whether capitalist or socialist) purchased time for the dominant elites, who used that money to prevent necessary social transformation. A more substantial way for development would be the destruction of feudal social relations, and by the socialization of production. These parasitic elites acceded to the Prebisch logic in order to benefit their own class interests, rather than move their societies to socialism. The dominant classes in each of these societies purchased third-rate, out-of-date plants and machinery from the advanced industrial states, and paid top dollar for them. In Britain, for instance, firms that wanted to update their machinery (and entire factories) would sell them to their subsidiaries in places like India. They would then ship these rusty machines to India as new and update their own physical plants in the British Isles.[48] Indian industry, then, paid for some of the refurbished British physical plants in the 1950s. Such fraud occurred along the grain of import substitution.[49]

Many decades later, Prebisch recognized this major limitation in the Third World order: "We thought that an acceleration of the rate of growth would solve all problems. This was our great mistake." What was needed alongside growth were "changes in the social structure," indeed "a complete social transformation."[50] Of the various means for social transformation that sat high on the agenda, but low in terms of implementation, was land reform. At the United Nations, the Third

World states committed themselves to land reform on several occasions, but each time called for extended study and technical assistance from UN bodies such as the Food and Agriculture Organization.[51] From the December 1952 resolution to that of December 1960 and onward, the UN General Assembly called for further study and assistance, but little else. Within the United Nations there was often talk of land reform, and there was some discussion of the distorted or even corrupt use of the surplus, but hardly any concern given to it or the conflict among the different classes for use of the surplus (and for the surplus value drawn from the workers). The main problem was to raise capital for the Third World's development, and the Prebisch position also ignored or downplayed the fundamental role of financial capital over the world's economy. The structural problems of landlordism, domestic class struggles, and the better use of the economic surplus already produced within a national economy as well as the problem of the surplus value stolen from the workers in the normal course of capitalism, rarely came up for discussion at the United Nations. It had already become sufficient to be critical of the First World alone, which became a shield that protected the national bourgeoisie from criticism for its own lack of imagination and self-sacrifice. In other words, development theory and public policy emphasized economic growth as an end in itself without a built-in consideration for equity.

33. Quoted in ibid., 249–50.
34. In 1920, Najiye Hanum of the Communist Party of Turkey laid out a similar agenda at the Baku Conference of the Toilers of the East. "I will briefly set forth the women's demands. If you want to bring about your own emancipation, listen to our demands and render us real help and cooperation. I. Complete equality of rights. 2. Ensuring to women unconditional access to educational and vocational institutions established for men. 3. Equality of rights of both parties to marriage. Unconditional abolition of polygamy. 4. Unconditional admission of women to employment in legislative and administrative institutions. 5. Establishment of committees for the rights and protection of women everywhere, in cities, towns, and villages. There is no doubt that we are entitled to raise these demands. In recognizing that we have equal rights, the Communists have reached out their hand to us, and we women will prove their most loyal comrades. True, we may stumble in pathless darkness, we may stand on the brink of yawning chasms, but we are not afraid, because we know that in order to see the dawn one has to pass through the dark night." Najiye Hanum, *To See the Dawn: Baku, 1920—First Congress of the Peoples of the East*, ed. John Riddell (New York: Pathfinder, 1993), 206–7.
35. Quoted in *TFAACW*, 26–28. The final point is poorly phrased, because in many parts of the world tilling is monopolized by men, so by this standard, men would get land rights, not women. A better phrase, for universal applicability, would have been "land to those who work it" (the phrase that emerged in the Mexican Revolution of 1911, and has since become a slogan across the Spanish-speaking world of the Americas).
36. This is what Partha Chatterjee analyzes in "Nationalist Resolution of the Woman Question," in *Recasting Women: Essays in Colonial History* (New Delhi: Kali for Women, 1989), although from the essay one does not get the sense that nationalism itself remained a wide ideological arena, within which many continued to struggle despite these resolutions on a broader feminist agenda. For a critique of his views, see Himani Bannerji, "Resolution of the Women's Question," *Economic and Political Weekly*, March 11–17, 2000; Uma Chakravarti, "The Myth of 'Patriots' and 'Traitors': Pandita Ramabai, Brahmanical Patriarchy, and Militant Hindu Nationalism," in *Embodied Violence: Communalising Women's Sexuality in South Asia*, ed. Kumarai Jayawardena and Malathi De Alwis (London: Zed, 1996).
37. Quoted in *TFAACW*, 29.
38. Mervat Hatem, "Economic and Political Liberation in Egypt and the Demise of State Feminism," *International Journal of Middle East Studies* 24 (1992): 233.
39. Urdang, *Fighting Two Colonialisms*, 243.
40. Quoted in ibid., 258–59.

Buenos Aires

1. Raúl Prebisch, "The Economic Development of Latin America and Its Principle Problems," *Economic Bulletin for Latin America* 7, no. 1 (February 1962): 1–12. At the same time as Prebisch made his innovations, the German-born, U.S.-based economist H.W. Singer developed a similar approach. H.W. Singer, "US Foreign Investment in Underdeveloped Areas: The Distribution of Gains between Investing and Borrowing Countries," *American Economic Review* 40 (1950): 473–85. In the academic literature, their theory is known as the Singer-Prebisch thesis. Their work substantially followed the insights in Paul Rosenstein-Rodan, "Problems of Industrialization of Eastern and South-Eastern Europe," *Economic Journal* 53, nos. 210–11 (June–September 1943): 202–11.

2. Quoted in Víctor Alba, *Nationalists without Nations: The Oligarchy versus the People in Latin America* (New York: Praeger, 1968), 106. To accomplish this, Pelligrini set up Argentina's first national bank; decades later, Prebisch would run its descendant. On the flight of capital to Europe, see Alba, *Nationalism without Nations*, 58–59.
3. Arturo O'Connell, "Argentina into the Depression: Problems of an Open Economy," in *Latin America in the 1930s: The Role of the Periphery in the World Crisis* (New York: St. Martin's Press, 1984).
4. Quoted in Eduardo Galeano, *Open Veins of Latin America: Five Centuries of the Pillage of a Continent* (New York: Monthly Review Press, 1973), 229.
5. Joseph Page, *Péron: A Biography* (New York: Random House, 1983), 171. Perhaps Péron got the idea of his phrase from a remarkable story written by his fellow Argentine Jorge Luis Borges, "Tlön, Uqbar, and Orbis Tertius," in *El Jardín de senderos que se bifurcan* (Buenos Aires: Sur, 1941). Miranda quoted in Arthur P. Whitaker, *Nationalism in Latin America: Past and Present* (Gainesville: University of Florida Press, 1962), 50.
6. Whitaker, *Nationalism in Latin America*, 50.
7. On the Nazi connection, notably with Péron and Mercedes-Benz, see Gaby Weber, *La Conexion Alemana* (Buenos Aires: Edhasa, 2005).
8. The biographical details and Prebisch's relationship with Péron are well covered in Edger Dosman, "Markets and the State in the Evolution of the 'Prebisch Manifesto,'" and Adolfo Gurrieri, "The Ideas of the Young Prebisch," *CEPAL Review* 75 (December 2001): 67–80. The entire issue is dedicated to the work of Prebisch.
9. Prebisch studied the terms of trade for England between 1873 and 1938. His analysis of the decline in the terms of trade from the 1870s found validation in an unlikely recent source, Paul Cashin and C.J. McDermott, "The Long-Run Behavior of Commodity Prices: Small Trends and Big Variability," *IMF Staff Papers* 49, no. 2 (2002): 175–99.
10. H.W. Singer, "The Terms of Trade Controversy and the Evolution of Soft Financing: Early Years in the UN," in *Pioneers in Development*, ed. Gerald M. Meier and Dudley Seers (New York: Oxford University Press, 1984), 297.
11. UN Department of Economic Affairs, *Measures of the Economic Development of Under-Developed Countries* (New York: United Nations, 1951), 35.
12. Michal Kalecki, *Essays in the Theory of Economic Fluctuations* (London: Allen and Unwin, 1939), 149.
13. Michael Hogan, *The Marshall Plan: America, Britain, and the Reconstruction of Western Europe, 1947–1952* (New York: Cambridge University Press, 1987). Importantly, the monies lent had to be paid back, and the recipient countries had to buy goods produced by U.S. firms, a nice way for the U.S. government to subsidize its own industrial sector. Hogan shows how the Marshall Plan owes much to the New Deal.
14. W.W. Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960).
15. Max Weber, *The Protestant Ethic and the Spirit of Capitalism* (New York: Scribner, 1956), 68. R.H. Tawney, based on similar material, draws the opposite conclusion in his Holland Lectures of 1922, in *Religion and the Rise of Capitalism* (New York: Mentor, 1947).
16. "In India, and to a less extent in Ireland," the economist Alfred Marshall wrote in 1890, "we find people who do indeed abstain from immediate enjoyment and save up considerable sums with great self-sacrifice, but spend all their savings in lavish festivals at funerals and marriages. They make intermittent provision for the near future, but scarcely any permanent provision for the distant future." In other words, the lack of long-term thrift, and not the theft of the surplus by English imperialism, accounts for poverty in India and Ireland. Marshall noted that "the great engineering works by which [Indian]

productive resources have been so much increased, have been made chiefly with the capital of the much more self-denying race of Englishmen." Capital, he argues, "depends much on social and religious sanctions," and the Indians and Irish just don't have the racial capacity to generate capital sums for development. Alfred Marshall, *Principles of Economics. An Introductory Volume* (London: Macmillan, 1910), 225.

17. Dadabhai Naoroji, *Poverty and Un-British Rule in India* (London: Sonnenschein, 1901), 216. On Naoroji and the drain, I am guided by Bipan Chandra, *The Rise and Growth of Economic Nationalism in India* (New Delhi: People's Publishing House, 1991).
18. Or to discover that certain cultures already had "Protestant" values within them, as in Milton Singer's monograph *When a Great Tradition Modernizes: An Anthropological Approach to Indian Civilization* (New York: Praeger, 1972).
19. Galeano, *Open Veins of Latin America*, 33.
20. The debate on the effect of the "price revolution" is contentious, particularly among economic historians. For a summary, see Peter Ramsey, ed., *The Price Revolution in Sixteenth Century England* (London: Methuen, 1971). Ramsey's collection includes Earl Hamilton's "American Treasures and Andalusian Prices, 1503–1660: A Study in the Spanish Price Revolution," *Journal of Economic and Business History* 1 (1928): 1–35, which set the terms of the ongoing debate. For a more recent work, see John TePaske, "New World Silver, Castile, and the Philippines, 1590–1800," in *Precious Metals in the Medieval and Early Modern Worlds* (Durham, NC: Duke University Press, 1983).
21. In 1903, Indian economist R.C. Dutt noted on this point, "For when taxes are raised and spent in a country, the money circulates among the people, fructifies trades, industries and agriculture, and in one shape or another reaches the mass of the people. But when the taxes raised in a country are remitted out of it, the money is lost to the country for ever, it does not stimulate her trades or industries, or reach the people in any form." R.C. Dutt, *Economic History of India*, quoted in Chandra, *The Rise and Growth*, 656.
22. Raúl Prebisch, *Toward a Dynamic Development Policy for Latin America* (New York: United Nations, 1963), 17–18.
23. Prebisch, "The Economic Development of Latin America," 1.
24. David Ricardo, *On the Principles of Political Economy and Taxation* (London: Penguin, 1971), 152. Ricardo's ideas have had an enormous impact on the science of economics—so much so that the justification for "free trade" in our own day is largely built around his analysis. The canonical text is Paul Krugman and Maurice Obstfeld, *International Economics: Theory and Policy* (New York: HarperCollins, 1994).
25. What enabled England to hold a comparative advantage over Portugal in Ricardo's time was not the "power bestowed by nature" but a series of bilateral commercial treaties (such as the 1703 Methuen Treaty) imposed by force on Portugal by England. When Ricardo put pen to paper, Portugal had become "a virtual commercial vassal of England." "The English," historian Leonard Gomes points out, "found that war as an instrument of policy could be both effective and profitable." The comparative advantage secured by England not only over Portugal but over much of the world would be won by its mercantilist policies: where the English state operated to harness England's resources and protect its economy, at the same time it promoted the subordination of the economic destiny of the rest of the world to England. Leonard Gomes, *The Economics and Ideology of Free Trade: A Historical Review* (Cheltenham, UK: Edward Elgar, 2003), 14–15. The two classic texts on the history of the Anglo-Portuguese trade are Sandro Sideri, *Trade and Power: Informal Colonialism in Anglo-Portuguese Relations* (Rotterdam: Rotterdam University Press, 1970); Harold Fisher, *The Portugal Trade: A Study of Anglo-Portuguese Commerce, 1700–1770* (London: Methuen, 1970).

26. "The flaw in [the assumptions of comparative advantage] is that of generalizing from the particular. If by 'the community' only the great industrial countries are meant, it is indeed true that the benefits of technical progress are gradually distributed among all social groups and classes. If, however, the concept of the community is extended to include the periphery of the world economy, a serious error is implicit in the generalization. The enormous benefits that derive from increased productivity have not reached the periphery in a measure comparable to that obtained by the peoples of the great industrial countries. Hence, the outstanding differences between the standards of living of the masses of the former and the latter and the manifest discrepancies between their respective abilities to accumulate capital, since the margin of savings depends primarily on increased productivity." Prebisch, "The Economic Development of Latin America," 1.
27. John Maynard Keynes to David Waley, May 30, 1944, in *The Collected Writings of John Maynard Keynes*, ed. Donald Moggridge (Cambridge: Cambridge University Press, 1980), 26:42.
28. Clair Wilcox, *A Charter for World Trade* (New York: Macmillan, 1949), 47.
29. George McTuran Kahin, ed., *The Asian-African Conference: Bandung, Indonesia, April 1955* (Ithaca, NY: Cornell University Press, 1956), 76–78.
30. Prebisch, "The Economic Development of Latin America," 1.
31. The only successful example was OPEC, created in 1960. A less successful attempt was the 1981 International Agreement on Cocoa.
32. "Joint Declaration on International Trade and Development," UN General Assembly, 18th Session, November 1963.
33. "Cooperation for the common good, from which each country will emerge better equipped for the modern economic struggle and which, in any case, will increase goods and services exchanged between Afro-Asian countries, will extend right to the heart of economic life by examining and cooperatively dealing with the problems of production in all aspects. The following are some of those aspects: (1) Capital formation and its allocation among production sectors; savings—form and agencies; (2) Expansion of consumer goods pari-passu with investment in heavy industry; diversification and specialization of production; (3) Technical education; socio-economic problems relating to workers." Quoted in *AFRASEC Conference Proceedings* (Cairo: Afro-Asian Organization for Economic Cooperation, 1961), 31.
34. Aldo Antonio Dadone and Luis Eugenio Di Marco, "The Impact of Prebisch's Ideas on Modern Economic Analysis," in *International Economics and Development*, ed. Luis Eugenio Di Marco (New York: Academic Press, 1972), 25–26. Prebisch dragged the Latin American countries to the table with the Afro-Asian delegates; he mended the frayed relationship between the nineteen Latin American states at the United Nations and the vast Afro-Asian bloc. For an indication of the splits, see Henry Raymont, "Latins at the UN Seek More Unity," *New York Times*, September 22, 1963, 23.
35. In 1949, Rao wrote a paper that showed how private capital would not move to the formerly colonized world for extra-economic reasons (racism and so on) as much as for economic ones (a low rate of return, unpredictable institutions, and so forth). If private capital is unpredictable, then the United Nations had to get involved in capital investments for the development of the formerly colonized world. Burma, Chile, Cuba, Egypt, India, Lebanon, and Yugoslavia pushed the proposal in the early years of the United Nations, to no avail. When Yugoslavia won a seat to the Economic and Social Commission in 1952, it pressed the SUNFED idea. Again it found resistance, mainly from the United States and England. The SUNFED proposal dithered at the United Nations from 1952 to 1957, when a tepid version of the original emerged as the Special

Fund, and then without any capital investment provision, as the UN Development Program (in 1965), and with a modicum of capital, as the UN Industrial Development Organization (in 1966). At UNCTAD's founding in 1964, the Yugoslavian economist Janez Stanovnik chaired the Committee on Financial Problems, which struggled hard to develop proposals for capital investment transfer. "The weight of the argument favoring an increase in the international financing of economic development," Stanovnik wrote, "lies neither in restitution nor in charity but in the sound economic logic of developing a new integrated world economy." In 1958, Stanovnik already guessed why the First World would resist the idea of a UN capital fund, because "financing economic development through the United Nations would shake the faith in private capital and private enterprise in the world." Since private enterprise was the religion of the First World, it would take a miracle for the United States and Europe to revise their free market theology. Janez Stanovnik, "1/1000 or 1/100?" *Review of International Affairs* 18, no. 423 (1967): 15, and "A Remarkable Achievement," *Review of International Affairs* 9, no. 187 (1958): 9. For more analysis, see Janez Stanovnik, *World Economic Blocs: The Non-aligned Countries and Economic Integration* (Belgrade: Edition Jugoslavija, 1962), and "Trade, Aid, and Economic Development," *Review of International Affairs* 15, no. 333 (1964).

36. Quoted in Kahin, *The Asian-African Conference*, 76. "The temporary help of foreign capital is necessary if this vicious circle is to be broken without unduly restricting the present consumption of the masses, which, generally speaking, is very low. If this capital is effectively used, the increase in productivity will, in time, allow savings to accumulate which could be substituted for foreign capital in the new investments necessitated by new technical processes and the growth of the population." Prebisch, "The Economic Development of Latin America," 13–14.

37. The Sultan of Oman Professor of International Relations at Harvard, Joseph S. Nye, refers to the UNCTAD as "Under No Circumstances Take Any Judgment." Such condescension from a man whose own post had been funded by a despot came without any acknowledgment that the UNCTAD had forced the World Bank to deal with the problem of equity. Joseph S. Nye, "UNCTAD: Poor Nations' Pressure Group," in *The Anatomy of Influence*, ed. Robert Cox, Joseph S. Nye, and Harold Jacobson (New Haven, CT: Yale University Press, 1973). In a note within the U.S. Agency for International Development in February 1965, the administrator told his staff, "Partly as a result of the UNCTAD conference in Geneva last summer, the World Bank and other international institutions have begun to reexamine their program." The United States did not want to change its own policy of less aid, more trade, but it did have to admit that the G-77 exerted power on the world stage. "Memorandum from the Administrator of the Agency for International Development (Bell) to the Executive Staff of the Agency for International Development," in *Foreign Relations of the United States, 1964–1968. Volume IX. International Development and Economic Defense Policy: Commodities*, ed. David Patterson, Evan Duncan, and Carolyn Yee (Washington, DC: Department of State, 1997), 304. In the summer of 1964, the U.S. representative to the Development Action Committee observed, "Virtually all delegates explicitly recognized the political importance of UNCTAD and the corollary necessity for coordination among DAC members in the face of the 75 [later 77]." "DAC High Level Meeting, July 23–24, 1964, Memorandum for the Files," in *Foreign Relations of the United States, 1964–1968, Volume IX*, 257.

38. This is the method laid out by John Perkins, *Confessions of an Economic Hit Man* (San Francisco: Berrett-Koehler, 2004).

39. R. Krishnamurti, "UNCTAD as a Negotiating Instrument on Trade Policy: the UNCTAD-GATT relationship," and Iqbal Haji, "Finance, Money, Developing Countries, and UNCTAD," in *UNCTAD and the South-North Dialogue: The First Twenty Years*, ed. Michael Z. Cutajar (New York: Pergamon Press, 1985).
40. Quoted in Graham Hancock, *Lords of Poverty: The Power, Prestige, and Corruption of the International Aid Business* (New York: Atlantic Monthly Press, 1989), 70. Little of this was private, because Black routinely made such comments in public, notably in 1962 at a speech to the UN Economic and Social Commission.
41. Quoted in Robert S. Walters, *American and Soviet Aid* (Pittsburgh, PA: University of Pittsburgh Press, 1970), 16–17. Eight years later, the U.S. government noted that it spent most of its foreign aid as military aid, since it needed to give "economic aid to help less developed countries receiving U.S. military aid to meet some of the economic and political burdens incurred by expanding the local defense establishment. The primary purpose therefore is military security, but some economic development may result as a by-product."
42. Although I am not going to go into it in any detail, from 1959, the People's Republic of China began to offer technical assistance and cooperative market arrangements with a number of African nations (as well as military training to those who still fought colonial powers). Guinea was the first country to create close economic ties with the People's Republic of China through interest-free loans and instruction in rice-growing techniques. Alan Hutchison, *China's African Revolution* (London: Hutchinson, 1975), 56; Udo Weiss, "China's Aid to and Trade with the Developing Countries of the Third World," *Asia Quarterly* 3 and 4 (1974): 203–314, 263–309. There was tremendous depth to these exchanges, for as Kathleen Baker shows, the Chinese low-cost, low-technology agricultural systems increased yields in Senegal. Kathleen Baker, "The Chinese Agricultural Model in West Africa: The Case of Market Gardening in the Region du Cap Vert, Senegal," *Pacific Viewpoint* 26, no. 2 (1985): 401–14.
43. During his report to the Central Committee of the Twentieth Communist Party Congress in 1956, Khrushchev stated that the Third World, "although they do not belong to the socialist world system, can draw on [the socialist world's] achievements in building an independent national economy and in raising their people's living standards. Today they need not go begging to their former oppressors for modern equipment. They can get it in the socialist countries, free from any political or military obligations." This, and the 1956 world tour by Khrushchev and Bulganin, inaugurated a major aid cycle from the USSR that lasted into the 1980s. Walters, *American and Soviet Aid*, 30.
44. Henry Trofimenko, "The Third World and U.S.-Soviet Competition," *Foreign Affairs* 59, no. 5 (Summer 1981): 1021–40.
45. Randall Stone, *Satellites and Commissars: Strategy and Conflict in the Politics of Soviet-Bloc Trade* (Princeton, NJ: Princeton University Press, 1996); Walters, *American and Soviet Aid*, 38–39.
46. Andrew Zimbalist and Manuel Pastor, "Cuba's Economic Conundrum," *NACLA Report on the Americas* 29, no. 2 (September 1995): 7–12. Cuba's reliance on a single commodity (sugar) was not simply because of its colonial-plantation past but also because of its role within the Soviet economic archipelago. Guevara, at the Second Economic Seminar of Afro-Asian Solidarity held in Algiers in 1965, pointed this out trenchantly: "The socialist countries must bear the cost of development of the countries which are now beginning to embark on the road to liberation. . . . The socialist countries are in a sense accomplices of imperial exploitation. The socialist countries have the moral duty of liquidating their complicity with the exploiting countries of the West." Quoted in Maurice Halperin, *The Taming of Fidel Castro* (Berkeley: University of California Press, 1981), 126.

47. Paul Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1962), 399. Baran's views found sympathy in Argentina, among groups such as the Movimiento de Izquierda Revolutionaria-PRAXIS. For more on this, see Carlos Strasser, ed., *Las izquierdas en el proceso politico argentino* (Buenos Aires: Editorial Palestra, 1959). The work of the Movimiento de Izquierda Revolutionaria's Silvio Frondizi is central to this line of thought, which saw Perónism as the most advanced position of the national bourgeoisie, and that it was incapable of either social democracy or socialism. Horacio Tarcus, *El marxismo olvidado en la Argentina: Silvio Frondizi y Milcíades Peña* (Buenos Aires: El cielo por asalto, 1996).
48. I learned this from an old India FOIL hand who worked in both London and Calcutta. For an overview, see Rajesh Chandra, *Industrialization and Development in the Third World* (London: Routledge, 1992).
49. There was a fierce debate on the nature of class rule in postcolonial countries like India and Egypt. Some, such as economists Michal Kalecki and K.N. Raj, argued that the petty bourgeoisie dominated in these new nations, thereby creating "intermediate regimes" that could not be treated as full-blown capitalist ones. Kalecki's classic essay on the "intermediate regime" is collected in his *Essays on the Economic Growth of the Socialist and Mixed Economy* (London: Allen, Unwin, 1972). Raj's contribution is in "The Politics and Economics of Intermediate Regimes," *Economic and Political Weekly*, July 7, 1973. The strong rejoinder from the Communist intellectual and leader E.M.S. Namboodripad can be found in "On Intermediate Regimes," *Economic and Political Weekly*, December 1, 1973. The main charge made by Namboodripad was that Raj (and Kalecki) did not appreciate the role of the big bourgeoisie in societies like India, which had acceded to the import-substitution logic as a class bargain rather than for its own liquidation. Namboodripad's position is bolstered by the little-known Marxist analysis of India by Charles Bettelheim, *India Independent* (New York: Monthly Review Press, 1968), reviewed profitably by Prakash Karat in "A Political Economy of India," *Radical Review* 2, no. 1 (January 1971), which notes, "State capitalism is a policy approved by the big bourgeoisie" (37).
50. Raúl Prebisch, "North-South Dialogue," *Third World Quarterly* 2 (January 1980): 15–18.
51. In the 1940s, the United Nations had initiated a study that resulted in a report favoring land reform as a major policy for social transformation. This report became the touchstone of all UN efforts in the next two decades. *Land Reform: Defects in Agrarian Structure as Obstacles to Economic Development* (New York: UN Department of Economic Affairs, 1951).

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1. E.V. Abrahamian, "Social Bases of Iranian Politics: The Tudeh Party, 1941–53" (PhD diss., Columbia University, 1969), is a reasonable introduction to the party in its most fertile period.
2. Stephen Kinzer, *All the Shah's Men: An American Coup and the Roots of Middle East Terror* (New York: John Wiley, 2003); Mark Gasiorowski and Malcolm Byrne, eds., *Mohammed Mossaddeq and the 1953 Coup in Iran* (Syracuse, NY: Syracuse University Press, 2004).
3. At Bandung, the Iranian representative Djalal Abdoh informed the conference that Bulganin apologized to the Shah's regime for the USSR's support of the 1945–46 Democratic Party of Azerbaijan, for the oil concessions taken by the Soviets from their allies in the breakaway region and their use of the Red Army to check the Iranian army until