Brazilian metalworkers on strike 1980: no populism here, the banner reads: "The workers, united will never be defeated."

The new working class in the Third World

The flipside of a turn away from working-class politics in the advanced capitalist countries is often a romantic identification with nationalist struggles in the Third World. But this is often, at best, anachronistic, imposing the political formulas and patterns of the colonial era on a quite different era. There has been a new industrial revolution, and a big expansion of the working class, in the Third World over the last 25-30 years. Martin Thomas reviews the basic facts that all socialist strategy must start from.

'An industrial revolution'

"The colour of the revolution which I have seen in one area after another of India in the 1960s is steel-grey. I call it an industrial revolution", wrote Daniel Thorner. (1)

Since World War 2 capitalist industry in the Third World has been growing very fast, by comparison with previous capitalist development — in many Third World countries, much faster than in India. (2)

Manufacturing output in the Third World has grown around 6% per year, and output per head at around 3 to 4% per year, since 1950. This is twice as fast as the growth of British manfacturing industry in the 19th century, and about the same speed as the growth of US manufacturing in its greatest boom period during and after the Civil War.

Industry in general — including mining, construction, electricity, water and gas — has grown slightly faster still. Growth has been especially marked in heavy industry: "the almost total absence of heavy industry in these countries before the war and generally before their political independence" (3) has been replaced by rapid development.

Steelmaking did start in China, India, Mexico, Brazil and South Africa after World War 1, but as late as 1960 the Third World made only 5% of the capitalist world's steel. By 1980 it produced 15%. (4)

In 1955 the Third World *consumed* 4% of the capitalist world's steel; in 1982, 23%.

The rail networks in most Third World countries were begun in the second half of the 19th century and completed by the 1930s. More recent years have seen a tremendous growth in road-building and the use of motor vehicles. In Africa, South America and India, the number of commercial motor vehicles in use increased at over 7% per year between 1970 and 1980. (6)

Economic autonomy

There has been not only a quantitative change in Third World capitalism, but a structural change following decolonisation. Large sections of Third World economies have been nationalised.

Akinsanya summarises the record world-wide as follows:

"Most of the expropriations have been in...raw materials, agriculture, power and telecommunications...The banking and insurance industries are also targets for nationalisation...Alien investment in the manufacturing sector has rarely been a target of nationalisation...

"It is by no means true to say that most nationalisation measures are taken by left wing regimes...Both left-wing and right-wing regimes have expropriated alien-owned enterprises". (7)

In addition to nationalisations, restrictive conditions on foreign investment and protective tariffs on imports are also standard in the Third World today.

Over the last few years there have been moves in several Third World countries towards denationalisations and relaxation of the conditions on foreign investment. The dominant role of the local state, however, remains.

The World Bank (8) estimates that across the Third World the local state, on average, accounts for some 50% to 60% of total investment. External finance accounts for about 10% to 20% (9) of which — up to the debt crisis of 1982 — about 15 to 20% would be direct investment, up to 50% commercial bank loans, and the rest aid.

Utilities, infrastructure, basic industry and natural resources are generally owned by the local state. Agriculture, commerce, services, and small manufacturing are generally the province of local private capital (though multinational agribusiness is becoming increasingly important). Large-scale manufacturing industry is the province of the multinationals, often associated in joint ventures with the local state and/or — in those few Third World countries where it exists, notably India, Mexico, Argentina, Brazil, South Korea — local big private capital.

In sum, the level of foreign ownership in Third World economies is considerably less than in the earlier part of this century. In the least-developed Third World countries it is usually very low indeed; in the more developed ones foreign capital owns a bigger share, but it is concentrated in large-scale manufacturing.

In Mexico, for example, foreign investment and reinvestment accounted for about 5% of total investment in 1960-70. By contrast the local state accounted for a share of the investment flow increasing from one-third in the 1960s to nearly 50% by 1975. (10). The foreign share of the

total capital stock in 1983 was estimated at 4%. (11)

But 52% of the capital of the 300 biggest manufacturing firms was (in 1972) foreign owned. (12)

Before World War 1, by contrast, nearly half the total capital invested in Mexico is said to have been US-owned. (13)

In Brazil, net foreign direct investment has been running at about 3% of total investment (14), which indicates a foreign share (including reinvested profits) in total capital of maybe 6%. But "the multinational or transnational monopolies control a very substantial part of Brazilian industry through mixed enterprises with national and state capital — 90% in motor vehicles, 80% in rubber, 70% in machinery, 60% in electrical and communications equipment". (15)

In Argentina, foreign capital accounts for probably not much more than 5% of the total capital stock, but 60% of the sales of the country's largest 100 industrial firms are of foreign-owned businesses. Before World War 1 nearly half the total capital stock was foreign-owned. (16)

In India, the share of foreign capital today is very low. But before World War 2 foreign capital not only dominated the economic infrastructure but also held a controlling position in all major industries except cotton and sugar. The share of foreign ownership (by number of employees) in sectors such as jute, wool, dockyards, leather, and engineering ranged from 70% to 93%. (17)

Accumulated foreign direct investment in South Korea is $1.5 billion (18), which cannot be more than about 2% of total capital. In all Korea before World War 2, 82% or (another estimate) 89% of industry was Japanese-owned. (19)

An outdated conventional wisdom

These facts raise several questions for socialists. Most socialists have seen Third World capitalism as radically different from US, West European, and Japanese capitalism. They have believed that the world system generates, simultaneously and inseparably, development for the metropolitan centres, and its converse, under-development, for the Third World. Marxists have considered that Marx was wrong when he wrote: "The country that is more developed industrially only shows, to the less developed, the image of its own future". (20)

In arguing thus, socialists have been concerned — and rightly so — to pin the blame on capitalism for the misery of the Third World; to refute the notion that the wretched of the earth should wait patiently for the blessings of capitalist civilisation, brought to them by the West, to trickle through; to stress that the misery in the Third World is part of a single integrated world system together with the metropolitan centres' relative prosperity.

So far, so good. But the facts compel us to see the misery as a component of capitalist *development* in the Third World, not (or not only) as a product of *lack of such development.*

Radicals have generally argued that the capitalist world system prevents or drastically limits industrialisation in the Third World; that openings for industrialisation in fact only existed in exceptional periods of relative isolation from the world system, like World War 2; and (implicitly) that the misery in the Third World is a product of that lack of industrialisation. (21) But demonstrably large chunks of the Third World are *industrialising.*

Countries like Mexico or South Korea are at the very least in the same league of industrial development as Portugal or Greece.

Now from the notion that the capitalist world system blocks industrial development in the Third World, socialists have drawn deductions for political tactics. They have concluded that in Third World countries imperialism is the first-line opponent. They have made it their first point of indictment against the local bourgeoisie that, because of their links with imperialism, they are unable to sustain even bourgeois development in the country. They have said that the progressive measures of bourgeois development must be the first items in the programme of a working class movement, and argued that, because of the abdication of the bourgeoisie, only a socialist revolution can carry through those measures.

And they conclude, often, that any sort of national self-assertion by Third World states is a first stage of that socialist revolution.

The political conclusions are false — because the whole picture of the world is false and outdated. Any political reorientation has to start from a recognition of the real facts. Let us look at those facts in more detail.

Changing patterns of trade

Patterns of trade have changed. In the colonial era the Third World was tied into a very restricted pattern of trade. Each Third World country would supply a limited range of raw materials to its metropolitan power and — generally — very few other customers, receiving manufactured consumer goods in return.

Some features of this pattern are very difficult to change — for example, the low level of Third World/Third World trade is now partly determined by the accomplished fact of where railways, roads, etc. run. Attempts at regional Common Markets in the Third World have had meagre success. But the pattern is changing.

The percentage share of former colonial powers in Third World countries' trade has declined sharply.

See table below.

A new international division of labour

'Share in trade' is the average between the share of the colony/ex-colony's exports taken by the particular metropolis, and the share of its imports coming from that metropolis. (22)

Third World countries still trade mostly with advanced capitalist countries rather than with each other. But there has been a shift. From 1970 to 1981 Third World/Third World trade rose from 20% to 27% of all Third World trade. (23)

The make-up of Third World trade has also changed. In 1965 manufactured goods were only 19% of Third World exports. In 1981 they were 33%. (24, 25)

Changing patterns of trade

Country	Former colonial power	Previous share in trade	Recent share in trade
Nigeria	Britain	59% (1955)	12% (1979)
India	Britain	33% (1938)	9% (1979)
Algeria	France	75% (1955)	18% (1980)
Philippines	USA	73% (1938)	27% (1981)

The Third World states are no longer just producers of raw materials. They are major manufacturing producers for the world market. The most dramatic illustration of this is the figures of the USA's international trade. In 1983 the US imported slightly more manufactured goods from the Third World than it exported to the Third World.

28% of US imports of manufactures came from the Third World — more than from Europe (24%), Canada (19%), or Japan (26%).

In a brilliant study of 'The New International Division of Labour', F. Frobel, J. Heinrichs and O. Kreye write:

"Industrial production in developing countries for the world market, especially production by foreign firms, did not exist until the middle of the 1960s. World market oriented industrialisation, more specifically, the industrial utilisation of the labour-force of developing countries for world market production which is recorded in the figures here, became established in a matter of a very few years. Whereas scarcely any industrial production for the world market existed in Asia, Africa and Latin America in the mid-1960s, by the middle of the 1970s world market factories were in operation in seventy-nine free production zones in thirty-nine countries and in many sites outside the zones..." (26)

Today there are reported to be 350 to 400 free trade zones (or free production zones, as Frobel et al. call them) worldwide — though this estimate may be an exaggeration. They employ 120,000 workers in South Korea, 70,000 in Taiwan, 20,000 in Malaysia, and 70,000 in Mexico. (27)

In these fenced-off zones in Third World countries multinationals can use cheap labour to produce for export free from taxes, duties, restrictions on imports or on remittance of profits, or local participation requirements. Usually labour protection laws and trade union rights also stop at the fence of the zone.

The free trade zones are however a small part of manufacturing, and even of manufacturing for export, in the Third World. Goods like trousers and electronic components *flown* round the world for different parts of their production process are not entirely typical. Another very different sphere of manfacturing in which the Third World has taken a sizeable share of the world market is, for example, shipbuilding.

And manufacturing for export in the Third World is not necessarily tied to low-tech items. States like Singapore, South Korea, and Hong Kong are deliberately moving into higher-tech areas.

The growth of manufacturing for export in the Third World is not completely dissociated from a growth of manufacturing generally. On the contrary. Manufacturing in the Third World generally began for the home market, and continues to be mostly for the home market — with an expansion of the range supplied from (initially) consumer goods only to (increasingly, in recent years) machinery and equipment too.

And manufactured *exports* from the Third World do not all bv anv means go to the advanced capitalist countries, as the picture painted by Frobel, Heinrichs and Kreye might suggest. In fact the percentage of manufactured exports *from* the Third World going *to* the Third World increased between 1970 and 1979 from 29% to 36%.

Generally Frobel, Heinrichs and Kreye see the new international division of labour too much as something done to a supposedly inert and passive Third World by the multinational corporations. A more accurate description of the free trade zones would be that they represent a major way in which the multinationals *cash in on* the capitalist development of the Third World.

Free trade zones do exist in a wide variety of countries. But Frobel, Heinrichs and Kreye are wrong to say that they can be established just anywhere: that "the preconditions for industrial production for the world market are not a function of the level of economic development in any individual country but rather exist, or can be brought into existence in any part of the world" (28).

As Frobel, Heinrichs and Kreye themselves show, host governments advertising these free trade zones to the multinationals stress such facilities as roads, telecommuncations, port or airport facilities, repair services, efficient administration, a literate workforce used to wage labour — and state power strong and stable enough to repress workers' resistance. Those conditions are not available, or easily established, just anywhere. In fact most free trade zones are found in a relatively small selection of more developed Third World countries. These are not necessarily the countries where labour is cheapest: for example, Hong Kong is essentially one big free trade zone, and in capitalist terms a highly successful one, yet by East Asian standards Hong Kong wages are relatively high

A few areas of fast growth

The rapid capitalist development in the Third World does not mean that the gap between the advanced capitalist countries and the Third World is closing. On the contrary; more-developed Third World countries have tended to close the gap between themselves and the US/Western Europe, while the gap between the more developed and the poorest Third World countries has grown dramatically.

National income per head is an unreliable index, but the best available to measure overall development. Between 1960 and 1981 it grew about 60% in the US; about 110% in what the World Bank calls 'middle income' countries (Latin America, Middle East/North Africa, East Asia); and scarcely at all in the 'low income' countries other than India (Pakistan, Bangladesh, South Asia, Africa). (29)

There are big inequalities from country to country in the Third World. (30) The most rapid growth in the Third World is localised in two groups of countries: the big oil exporters and a few big manufacturing exporters.

With the oil price rises of 1973, a huge shift took place in the international distribution of surplus value. A great deal of the money simply flowed back into bank accounts or bond holdings for the oil-state ruling elites in the US. But some has gone into broader economic development.

The oil states have increased their stake in the various phases of the oil industry. See table below.

The proportions in every case are of capitalist world totals.

Kuwait has spread its involvement in the oil industry most, buying up a US drilling firm (in 1982) and Gulf Oil's chain of petrol stations in Europe (in 1983).

Saudi Arabia has taken furthest the development of industries other than oil. In many lines of machinery it was until recently the biggest importer in the world.

The development of these states is clearly exceptional. Attempts to construct OPEC-type cartels in other products have failed, and OPEC itself is currently a declining force in the world oil market.

But there is little chance of the oil states returning to their position of before 1973. And that their development is exceptional does not mean that it has no general significance. That even a few exceptional Third World states can have the sort of development they have had signifies a shift in the world economy.

Likewise for the other group of fastest-growing Third World capitalisms: they are exceptions, but significant exceptions.

They are marked out from the rest of the Third World by three features: a high level of manufacturing exports, a large amount of foreign direct investment into them, and (up to 1982) a big flow of loans to them from commercial banks. Almost all of them also show a very high rate of growth of manufacturing industry. (32)

These manufacturing centres made their first impact on the world market in particular sectors — first textiles, then

Proportion of various phases of the oil industry controlled by the big Western multinationals (the 'seven sisters') (31)

	1972	1982
Reserves	over half	less than one tenth
Crude oil supply	two-thirds	less than one fifth
Refined petroleum products	three-fifths	two-fifths

electronics. But their range is increasing.

The Third World already had 21% of capitalist world exports in 'outerwear, non-knitted' by 1971. It raised its share to 37% in 1979. (33)

In certain branches of electronics the Third World already had a strong foothold in 1971 — radio receivers (13% of capitalist world exports) and transistors/valves (8%). By 1979 the Third World shares had increased to 35% and 34% respectively in those two branches.

But a strong Third World stake had been established in branches where there was none in 1971: office machines (8% of the capitalist world exports), telecom equipment (10%), food processing machinery (11%) — and shipbuilding (11%).

By June 1983 South Korea, Brazil and Taiwan between them had 20% of total world shipbuilding orders by tonnage. (34)

The figures for South Korea give an idea of how the composition of the trade of the Third World's leading exporters is changing. Between 1978 and 1983, the share of light manufactures — textiles, etc. — in South Korea's exports went down from 54% to 40%, and the share of heavy manufactures (ships, iron, steel, chemicals, machinery...) went up from 25% to 42%. (35)

India — to give a less dramatic example — has shifted its exports more slowly from jute goods and textiles towards engineering.

Other industries have developed substantially for the home market in these countries and are just beginning to export.

Car production, for example, has been mostly for the home market, but Brazil — despite a drastic slump in this industry since 1980 — is now a serious exporter of tractors.

Singapore, South Korea, India, and Hong Kong are developing serious machine tools industries and beginning to export.

India was 80% self-sufficient in capital goods by the early 1970s, and so was Argentina. Between 1965 and 1980 Brazil imported only about 10% of its capital equipment. (36)

Direct investment flows originating in Third World countries are a new development since the 1970s, and still small, but developing fast. In 1982 the total flow from Third World countries was just over $1,000 million, or about 6% of the world total flow.

The two biggest investing countries, by far, were Kuwait and Brazil. Other sizeable flows have come from the Philippines, South Africa, India, South Korea (only since 1981), Israel, Argentina, Hong Kong, Mexico, and Singapore.

India's biggest private corporations, mainy the Tata and Bird groups, have palm oil plantations in Malaysia: textile mills in Indonesia and Thailand; paper mills in Kenya and Thailand; electronics firms in Singapore; construction interests in Saudi Arabia; management contracts for industries in Nigeria; and hotels in many areas.

Mostly, however, direct investment originating from Third World capitalisms has been within regions: from Brazil, Argentina, or Mexico to other Latin American countries, and from India, Hong Kong, Singapore etc. to other Asian Countries. (37)

For example: "The really big Argentine money heads for the US" (38); but, "according to direct estimates based on the balances of Brazilian companies, the amount of Argentinian capital invested in Brazil easily surpassed $400 million in 1974 (a figure which must have at least doubled since then). At about the same time, Argentinian finance capital controlled two of Paraguay's most important corporations and had equally large investments in Bolivia, Uruguay and Peru. Argentinian banks were also very active abroad, especially in Panama...More recently, Argentinian banks have participated in syndicated loans on the eurodollar market, lending to such countries as Peru, Brazil, Chile and Nigeria". (39)

Debt and dependence

The increased economic elbow-room gained by the capitalist classes of the Third World is very limited. It is the elbow-room of weak powers in an increasingly interdependent and integrated world — and a capitalist world where the strong grab what they can and the devil takes the hindmost.

Third World countries' capitalist development cannot be described as 'independent' or 'autonomous' development. Such a thing is impossible in the modern capitalist world, and none of the advanced capitalist countries except conceivably Britain and Japan could be said to have developed 'independently'.

Most Third World countries are very much tied down by *foreign debt* problems.

Since Mexico announced in summer 1982 that it was unable to meet its payments to the international banks, a long string of Third World states have been forced to accept strict conditions imposed by the IMF in return for an extension of credit. The world recession after 1979, the decline in primary product prices, the drying up of the outward flow of credit from the big oil-exporting states, and the rise in interest rates, made their foreign debt burden impossible.

The IMF has required these states to depress wages, to cut subsidies on basic necessities, and to reduce imports (thus sending their industry into a slump and increasing unemployment).

The horrors of the way in which children are starved to feed bankers' profits should not, however, lead us to think that this negates or cancels out the economic changes since the colonial era already documented.

The negotiations between the bigger Third World Capitalism and the metropolitan banks and governments are *negotiations* in which both sides have cards to play and a lot to lose.

Moreover, it is largely misleading to see the debt problem as a national issue of Argentina or Mexico (for example) on the one hand versus the US on the other. The issue is at least as much one of the capitalists of different nations on one hand versus the workers and peasants on the other.

The relations between Argentine or Mexican debtor capitalists and their US creditors are normal business relations, the sort of relations which capitalism cannot live without. They are essentially not different from those between industrialists and bankers in a single state. There are conflicts between these sections of capitalists, but those are secondary to their common antagonism to the working class: "capitalists form a veritable freemason society vis-a-vis the whole working class, while there is little love lost between them in competition among themselves". (40)

For who pays? Many of these debtor capitalist classes actually have sizeable foreign assets. "Even as the government in Buenos Aires was announcing it could not pay its foreign debts in the middle of 1982, one of Argentina's leading property developers, the Macri group, was busy developing a $1 billion luxury apartment complex at Lincoln West, on Manhattan Island". (41)

They could pay. But they don't. They make the workers and peasants pay.

To see the fundamental issue as the 'national' one between debtor and creditor is a translation into international economics of the populist notion that within a single state the essential conflict is between "the producing masses", "the broader classes of business men" — the industrial classes, both capitalist and workers — on one side, and "the few financial magnates" on the other. (42)

To massive foreign ownership of a country's economic assets; a huge flow abroad of property income to the owners of those assets; difficult conditions for infant domestic industries because there is no local power to raise protective tariffs against more developed foreign industry — in short, the typical situation of Third World countries in the colonial era — an answer within capitalism is clear. Win political independence, nationalise the assets, impose conditions on foreign investment including limits on repatriation of profits, introduce protective tariffs, etc. But what, short of the overthrow of capitalism, is the alternative to debt problems?

Repudiate the debt? It is not impossible that some Third World capitalist governments could do that within the next few years. Of course they should be supported against attempts to whip them into line for the bankers. But repudiation is not an answer to the problem. It is a choice for economic isolation, 'capitalism in one

country' — and there is nothing progressive about that.

Cancel the debt? Yes, at least for the poorest countries. But then what? A one-off cancellation of debts would only modify or postpone the crisis, and there is no sense in demanding that capitalism run on a non-capitalist basis, with free credit. (43)

The limits of development

The problem in most Third World capitalisms is not external domination but *capitalism itself.* It is a hideous problem.

Some 800 million people live in "absolute poverty" — in or on the brink of starvation — and the number is increasing. The growth of capitalism does not ease the suffering through a 'trickle-down' of the gains. It makes it worse.

Underpinning mass poverty throughout the Third World is the stagnation of agriculture.

Growth of food production per head, average per cent per year (46)

	1960-70	1970-80
Africa	0.1	-1.1
Middle East	0.1	0.2
Latin America	0.1	0.6
South Asia	0.1	0.0

The stagnation of agricultural productivity in the Third World is not decreed by nature. Since World War 2 agricultural productivity has expanded faster than manufacturing productivity in the advanced capitalist countries. Social, not natural, obstacles stand in the way of a similar expansion in the Third World: investment has not gone into agriculture or it has been wasteful, or it has benefited only very limited sectors.

The poorest nations get poorer or at best stagnate. The more developed Third World countries generally have huge geographical areas of stark poverty within them. And in the cities of those more developed countries — the centres of the industrial growth — inequality increases.

Frobel, Heinrichs and Kreye summarise the conditions in the free zones: (44)

"Working conditions which represent a synthesis of Manchester capitalism and the forms of the capitalist organisation of work in the last quarter of the 20th century compel the labour force...on the one hand, to achieve levels of productivity and intensity of labour which correspond to the most advanced current levels in the world, and on the other hand, to tolerate wage levels which are not much higher than those which prevailed in Manchester capitalism's heyday."

The workers — mostly young women, aged 14 to 25 — are paid at rates as low as £5 a week (in Sri Lanka). (45) There are few fringe benefits, welfare provisions, etc. Hours are long. Safety precautions are minimal.

It remains only to add that wages and conditions in the free trade zones are often better than outside; and that those who have a regular job of any sort are much better off than those who have none. Unemployment figures for Third World countries are generally notional, but in many countries, including the most developed, it is estimated that perhaps 40% of the work force lack a regular job.

Characteristic of the Third World, then — even the more developed countries within it — are vast hinterlands of backward agriculture and crushing poverty. Peasants with tiny plots; landless agricultural labourers; people who have fled to the towns and scrape a living from petty trade, casual employment, prostitution or crime — the exact composition and size of the mass of misery, and its place on the spectrum between ill-nourishment and absolute starvation, vary from country to country. But its existence, on a much larger scale than in the advanced capitalist countries, is a constant.

West European capitalism in the 19th century generated similar masses of misery, on a smaller scale. But it had a safety-valve: millions emigrated to lands like North America, Australia, and Argentina, where they could seize rich natural resources by force from the sparse indigenous population.

Millions have emigrated from Third World countries, too: to more developed Third World countries or to the advanced capitalist countries. But increasingly they find the doors slammed in their faces. Capitalism no longer has a safety valve.

And worse. Most Third World capitalisms are ruled by vile, savage dictatorships. Where the forms of bourgeois democracy exist, as in India and Mexico, they have a very feeble content.

The rising capitalist classes of the Third World demand the same suppression of trade union challenges as the British capitalists of the time of the Tolpuddle Martyrs, the German of the Anti-Socialist Laws, or the US of the Haymarket Martyrs. They need a high rate of exploitation to establish themselves in world competition.

But in countries where trade unions and socialist movements had grown up *before* their industrial revolutions; where much of industry is large-scale; and where the state is central in economic life, such suppression and such exploitation are not to be had by the relatively free-wheeling methods of class rule used by the 19th century US/Western European capitalists. Only a heavily-equipped dictatorship will do.

What are the prospects? Is there a chance that the development of capitalism will gradually — as it moves to more sophisticated methods of exploitation — raise the working classes of the Third World to conditions comparable to those of present-day West European workers? (47)

It is not impossible in principle. Maybe some decades in the future it could happen in some Third World countries. There are a few today, like South Africa and Hong Kong, where real wages have risen seriously, though even the raised levels are miserable.

But that vague chance is not much to set against the present-day fact of increasing poverty and inequality. Especially so since the prospect for the foreseeable future is of crises for Third World capitalisms, with the debt problem continuing and the advanced capitalist countries erecting new tariffs and quotas against their exports.

The improvement in workers' conditions in Western Europe did not happen through some easy, almost automatic process. The trade union strength that made it possible was established in convulsive leaps, in the midst of wars and great class battles. Only in a few exceptional periods — like the 1950s and 1960s — was that strength able to win continuous improvements with relatively little effort.

In those periods capitalism in Western Europe was given room for flexibility by booms, by the advantages of its technical lead over other capitalisms, and by imperial tribute flowing in from the Third World. Third World capitalisms do not have that padding.

There is no reason to believe that the development of Third World capitalism will automatically or easily lead to an improvement in the conditions of the mass of workers and peasants. It certainly is not doing so at present.

But no service is done to the workers' struggle by denying the capitalist development that exists.

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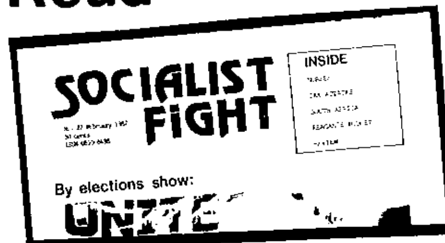

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40. K. Marx, *Capital*, vol 3, p.198.
41. *Economist*, June 23 1984.
42. Phrases from William Jennings Bryan speaking at the US Democratic Party convention of 1890.
43. See Marx's discussion of the 'free credit' demand, *Grundrisse*, p.123; letter to J.B. Schweitzer of January 24 1865; and *Theories of Surplus Value*, part 3, p.523-7. Also Engels' letter to Bernstein, August 9 1882.
44. *op cit.* p.360.
45. Diane Elson in *International Labour Reports*, Jan-Feb 1984.
46. World Bank.
47. Statisticians reckon that crude figures exaggerate the difference in real wages between Western Europe and the Third World. But a conservative estimate would put the wage inequality between Britain and the Third World as ranging from 2:1 or 3:1 to 10:1 or 20:1. Also, West European workers get more non-wage welfare benefits than Third World workers.

2. Rates of growth of manufacturing output (per cent per year)

			Per head
Third World			
	1938-50	3.8%	2.1%
	1950-60	6.9%	4.5%
	1960-70	6.3%	3.6%
India	1960-70	4.7%	2.4%
Other 'low income' states	1960-70	5.9%	3.4%
'Middle income states'	1960-70	6.7%	4.2%
India	1970-80	5.0%	2.9%
Low income	1970-81	2.8%	0.2%
Middle income	1970-81	5.9%	3.5%
Advanced capitalist countries	1938-50	4.5%	3.8%
	1950-60	5.0%	3.8%
	1960-70	5.6%	4.4%
	1970-81	3.1%	2.4%
Britain	1800/4-1850/4	3.6%	2.2%
	1850/4-1900/4	2.2%	1.4%
US (The fastest major period of industrial growth in any country in the 19th century).	1860/4-1900/4	6.9%	4.2%

(From P. Bairoch, 'The Economic Development of the Third World since 1900', p.67-9, and World Bank World Development Report).

25. Proportion of exports accounted for by:

Country	All manufactures		Machinery & equipment	
India	45%	59%*	1%	7%*
South Korea	14%	90%	--	20%
Malaysia	6%	19%	--	11%
Singapore	26%	54%	7%	26%
Brazil	3%	39%	--	17%
Mexico	12%	39%*	1%	19%
'Low income' countries other than India	9%	29%	--	2%
'Middle income' oil importers	17%	54%	2%	14%

(* = 1979 figure).

30. Differences within the Third World

	US	Singapore	Venezuela	Ethiopia	Chad
Infant mortality per 1000	12	12	40	145	146
Urbanisation	77%	100%	84%	14%	19%
Agriculture % of labour force	2%	2%	18%	80%	85%
Literacy (% of over-15s)	99%	83%	82%	15%	15%
Primary education (% of age group)	98%	121%	104%	43%	35%
Radio sets per 1000 pop.	2100	192	403	8	22
National income per head ($)	12,820	5,240	4,220	140	110
Population per physician	520	1150	950	58,500	47,500

(World Bank, UNESCO Figures for 1980).

32. Major exporters of manufactured goods, 1980*

	Rate of growth of output in manufacturing, 1960-82 (% per year)	Stock of foreign direct investment end 1978 ($ million)	Flow of net foreign direct investment, 1980 ($ million)	Gross liabilities to banks in BIS reporting area, June 1982 ($ million)
Taiwan	16%*	1,850	n.a.	6,156
Hong Kong	9%*	2,100	n.a.	33,646
South Korea	16%	1,500	-5	16,627
Singapore	11%	1,900	1,454	35,539
Brazil	8%*	13,520	1,568	52,240
South Africa	n.a.	n.a.	n.a.	12,424
Israel	n.a.	1,000	-85	5,825
India	5%	2,500	n.a.	1,346
Mexico	8%	6,000	1,852	61,814
Malaysia	11%*	2,680	928	3,803
Argentina	2%	3,340	741	22,904
Philippines	7%	1,820	40	8,041
Thailand	11%	445	186	2,826
Total, 13 countries		38,655		263,191
13 as % of Third World total		64%		65%
Other major recipients of foreign capital				
Nigeria		1,130		5,421
Indonesia		5,760		4,967
Colombia		1,510		4,925
Chile		1,440		10,584
Venezuela		3,620		22,483

*Growth figures for Taiwan are 1960-77; for Hong Kong 1970-80; for Brazil 1970-81; for Malaysia 1970-82.

The 'Third World' total for investment stock and for liabilities to banks is calculated excluding tax havens such as the Caymen Islands, Bahamas, etc.

(World Bank; OECD, 'International Investment and Multinational Enterprises'; Bank of England Quarterly Bulletin).