

PIERRE JALÉE

THE
THIRD WORLD
IN WORLD
ECONOMY

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MODERN READER

Pierre Jalée

The Third World in
World Economy

*Translated from the French
by Mary Kloppe*



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Introduction

The attention paid to my earlier book, *The Pillage of the Third World*,¹ both in French and in translation, showed that the subject matter filled a gap in the knowledge of many of my contemporaries. Yet there is already an abundance of writing on the Third World. It appeared, however, that to study the economic relations between the Third World and the advanced capitalist nations—taking each of these groups as a single entity—was, if not to open up an entirely original field of research, to explore little known territory. When one enters such territory one is naturally tempted to push on as far as possible while opening up the field and making it more accessible.

This is the purpose of the present work, which is in a direct line of descent from the earlier one. It contains more advanced documentary and statistical research and, in consequence, so many figures that I thought it best to present almost all of them in full-page tables at the ends of chapters. The field of investigation is also larger: The subject of the chapter dealing with agriculture has been extended to cover animal husbandry and fisheries, the chapter dealing with the products of the sub-soil includes energy, etc. On the other hand, I have done justice to my title by not only comparing the Third World with that composed of advanced capitalist states, but also by setting out the data for the socialist countries whenever they were available.

To regard the Third World as a single economic entity is, I know, in one sense schematic and arbitrary. But I also know that in a much more important sense this reflects the fundamental

¹ *The Pillage of the Third World* (New York and London: Monthly Review Press, 1968).

reality. Underneath the differences between their natural resources and level of development, the underdeveloped countries of Latin America, Asia, and Africa have in common the fundamental characteristics of economies complementary to those of the advanced capitalist countries. The pillage to which they are subjected is the profound reality common to them all. Nevertheless, throughout the analysis I have tried to differentiate between them fairly systematically, by dividing them into sub-groups whose geographical criteria correspond in a general way to economic variations. And in the second part of the book I have set out a sort of table of descriptive economic indices for six socialist countries, for the five most important advanced capitalist countries, and for some fifty of the most characteristic Third World countries; simple but essential data by which comparisons can be made.

I have said that the present work is the child of *The Pillage of the Third World*, but I mean the offspring to pursue and extend the work of the parent, not to repeat it. Unless it is essential to the development of an argument I shall, therefore, avoid repeating what has already been said. When necessary, I shall simply refer to the earlier book.

As I said, this work made it necessary to cite a lot of figures. Most of these have been drawn directly from international publications, a few from national statistics. The source is always given as precisely as possible, as is the period or year to which the figures apply. Although such rigorous documentation is not as common as one might suppose, I consider it essential. It will, of course, be possible to contest any conclusions and perspectives I may reach on the grounds of the logic and the hypotheses I have used, but not on the basis of the statistical data which provide the point of departure.

But what figures should one select? Preferably the most recent. However, I did not think all should be sacrificed to include the most recent figures at any price. And in fact it would not have been possible. The book has required more than a year's work and the statistical investigation preceded the analysis. Moreover, the figures presented here have often been collected or even calculated by the author from the data in a variety of official publications. So it was not possible to prepare the work in a general way

and then, just as it was going to the printer, insert the latest figures hastily drawn from the most recent publications. In short, all this means that in a number of cases, by the time this book appears figures more recent by at least one year will have been issued. This discrepancy does not seem to me unacceptable. Unfortunately, it is also true that many of the publications I have used for reference themselves give figures which go back two years from their publication date.²

However, there is nothing I can do about this nor, I think, can the publishers. It is surely better to end up with figures three years old but analyzed and arranged to give them their maximum significance than to use the latest figures set out anyhow.

Further, though my figures often give a snapshot of a particular situation at a given moment, I have been at pains to present such pictures only as the last image of a film covering five, ten, or fifteen years, and to follow a development by using indices or percentages or the actual figures of production, trade, or capital movement at different points in time—changes indicative of a trend are the most important. If a trend has shown up over a number of years one regrets less that the last observation should have been made in 1964 instead of 1965, or 1965 instead of 1966.

² This is particularly the case for the United Nations yearbooks, which are usually published in the middle of the year following that appearing in the title and at best give figures for the year preceding that in the title.

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Chapter I

Basic Data

Before entering into details it may be useful to give some general information to open up the subject.

In the first place, what countries should be included under the heading "Third World"? I hold that the fundamental division in the world is between the countries with a capitalist system and those with a socialist system. But it is generally recognized that there is a wide gulf between the underdeveloped and subject countries and the developed and dominant countries within the capitalist group. The mass of underdeveloped and subject countries dependent on the capitalist system are currently described as the underdeveloped nations of Asia, Africa, and Latin America—for which the common man uses the popular expression "Third World."

The United Nations experts make the same distinctions by dividing the world into "countries with planned economies" (socialist) and "countries with market economies" (capitalist), and by subdividing the latter into "developed countries with market economies" and "developing countries with market economies." Thus the basis of my classification is not particularly novel, but the boundaries between my groups are not exactly those recognized by others. I shall use the following groupings:

COUNTRIES FORMING THE SOCIALIST SYSTEM

U.S.S.R., the People's Democracies of Europe (including Yugoslavia), China, Mongolia, North Korea, North Vietnam, Cuba.

COUNTRIES FORMING THE CAPITALIST SYSTEM

1. *Developed Countries*

U.S.A., Canada, Europe (excluding the U.S.S.R. and the

People's Democracies), Japan, Israel, Australia and New Zealand.

2. *Underdeveloped Countries, or the Third World*

America (excluding the United States, Canada, and Cuba), the whole of Africa, Asia (excluding the socialist countries, Japan, and Israel), Oceania (excluding Australia and New Zealand).

There are always thorny problems of demarcation. Some people would be astonished that no African country appears in the list of socialist countries. But whatever sympathy one may have for some of the countries of that continent, socialism is here taken to be Marxist and scientific and cannot be Arab or African. Many will resent the presence of Yugoslavia in the socialist group and I resent it myself. What could one do? It would be indefensible to place it in either of the other categories and absurd to make it into a fourth. Moreover, let us not jump to conclusions, perhaps the people of Yugoslavia still have something to say.

Other problems arise. Consultation with members of the Turkish Workers' Party confirmed my intention to include Turkey in the Third World (although a member of the OECD). South Africa has also been kept in the Third World—though without consulting Mr. Vorster—because this seems the only category for a country where the one-fifth of the inhabitants who enjoy a very high standard of living are not regarded by the four-fifths whose income is six times less as subjectively part of the nation and its social structure.¹

With its possible imperfections and its obvious borderline cases, the Third World adopted here is defined—in relation to the world and to the two other groups of countries, in population and in area—in Table I-1. It covers 51 percent of the world's dry land and in 1965 held 46.9 percent of its population. Its population is growing faster than that of the other countries and the time must, therefore, be very near when that proportion will reach the 50 percent mark. The Third World can thus be regarded as encompassing just about half the population and land area of the world. It will be noticed that the population of the socialist coun-

¹ United Nations documents have adopted the opposite solution and South Africa is the only important difference between the Third World as used here and the United Nations group of "developing countries with market economies." This is noted in my statistical tables when necessary.

tries is exactly one-third of the world total while that of the developed capitalist countries amounts to barely one-fifth.

The Third World is heavily, but very unevenly, populated. Almost two-thirds of its inhabitants are in Asia, while Africa holds only 20 percent and Latin America 15 percent. And if large areas of the Third World are underpopulated, Southeast Asia is, on the other hand, overpopulated. The population density of India, although high, is of the order of 165 inhabitants per square kilometer.

Since it is one of the aspects by which it is defined, everyone knows that the Third World is underdeveloped.² To what degree is this so? The specialized chapters will provide a more detailed analysis of the problems but, in the meantime, a few more general indicators of economic development are set out in Table I-2.

Giving the per capita national income in dollars is a very rough approach for countries other than those of the advanced capitalist group. The results for the socialist countries are, in fact, sometimes surprising, mainly because of more or less arbitrary conversion rates and because of a concern with "gross product" rather than with national income. For the Third World it is certainly very restrictive to use only five countries, however carefully selected, to indicate the condition of a continent. However, taking these reservations into account, the figures give a sufficiently graphic picture of the differences between the chosen groups of countries as regards per capita national income. It is worth noting simply that the socialist countries (excluding those in Asia) enjoy a per capita national income about one-third lower than that in the advanced capitalist countries. The inhabitants of the Asian and African countries of the Third World, for their part, have an individual income about one-tenth to one-eleventh that of the inhabitants of the advanced capitalist countries, while that of the Latin Americans comes to about one-fifth. It must not be forgotten

² I criticized the expression "Third World" in the introduction to *The Pillage of the Third World*. For his part, Charles Bettelheim sets out a most convincing criticism of the term "underdeveloped country" in Chapter 3 of *Planification et Croissance accélérée* (Paris: François Maspero, 1967). But however inadequate or even misleading they may be, some terms are used so universally that it becomes impossible to avoid them. My criticism of the first, nevertheless, remains unchanged, and I accept Dr. Bettelheim's dissatisfaction with the second.

that such national averages take no account of internal disparities. These are small for the socialist countries but, on the other hand, very considerable in some Third World countries where a bourgeoisie of millionaires has arisen alongside poverty-stricken masses whose per capita income gives an inadequate indication of their deplorably low standard of living (India, Latin America).

For all these reasons, greater weight should be given to the more accurate figures indicating per capita consumption of energy and industrial steel. These give a reasonably sure measure of the degree of industrialization and hence of the level of development. Under this heading the African countries of the Third World are appallingly far behind, with those of Asia little better off. The closeness of these two groups of countries shows that in this area they have traversed only about one-twentieth of the course already behind the industrial capitalist countries. The position of the Latin American countries is distinctly better, although they have reached only one-sixth (energy) and one-ninth (industrial steel) of the consumption of the developed capitalist countries.

One might suppose that social development is simply the projection of economic development onto another plane. The data in Table I-3 show that a distinction must be made. In this respect it can first be seen that the socialist countries of Europe are better off than the advanced capitalist countries except in the matter of the spread of ownership of radios: this is simply a reflection of the different objectives of the two systems. It can also be seen that while the Third World countries of Asia and Africa are outdistanced by the advanced capitalist countries in the fields of medicine, broadcasting, and book production, the Third World as a whole is not so far behind in education (columns 2 and 3). Certainly these gross figures are only quantitative measures and it is widely known that the education handed out in the majority of Third World countries is far from satisfactory. This can be seen by comparing columns 2 and 3. There prove to be proportionately more students enrolled than teachers to teach them in Third World countries, which indicates that classes are overloaded or even that two classes are taught part-time by one teacher. It is worth noting that a praiseworthy priority effort in education has, nevertheless, been made by the majority of Third World countries.

This effort was made with means whose inadequacy can be seen from an analysis of the gross domestic product of the world's nations as set out in Table I-4. It seems likely that the estimates in this table are very close to the actual 1965 data for the advanced capitalist countries and for the Third World, but that they are less accurate for the socialist countries. In general the table gives a close enough idea of the absolute and relative economic weight of each of the three groups of countries considered and a reasonably accurate idea of the relationship of forces in this area between the Third World and the group of advanced capitalist countries.

From all this it appears that in 1965 almost half of the world's inhabitants (the Third World) enjoyed only an 11.5 percent share of the world's total gross domestic product, while one-fifth of the world's population (the advanced capitalist countries) took about 60 percent. Six hundred and fifty million human beings produce five times the wealth generated by 1,550 million others. The gross domestic product of the United States alone (population about 195 million) is nearly two and one-half times that of all the underdeveloped countries of Asia, Africa, and Latin America, which have eight times the population. Therefore it seems that, despite some imperfections, this is the most accurate measure so far; it is also the most significant, because of its all-embracing character, and the one which reflects most pitilessly the inequality ruling our world.

There is also inequality inside the Third World—inequality in poverty. Latin America appears to be relatively less poor, with a gross domestic product of \$77 billion for 235 million inhabitants. Africa is more than twice as poor, with \$50 billion for 310 million inhabitants. But underdeveloped Asia, which produced only \$103 billion for almost a billion people, is unspeakably the worst off.³

³ In the December 1966 issue of the magazine *Finance and Development*, published by the International Monetary Fund and the World Bank, K. S. Sundara Rajan notes that the per capita gross domestic product of the underdeveloped countries of Asia only comes to one-fortieth of that of the United States and that the "increase in goods and services which becomes available to the average United States citizen in a single year is more than

It should be noted in passing that although the gross domestic product of the Third World may have increased in absolute value from 1958 to 1965, it has dropped from 12 percent to 11.5 percent of world production. Changes in the indices of gross domestic product for groups of countries and the annual growth rate for the period 1950 to 1964-65 are given in Table I-5. The data confirm that over this fifteen-year period economic growth has been much more rapid in the socialist countries of Europe than in the advanced capitalist countries but that, taking overall figures for the whole period, this growth has been very similar in the latter group and in the Third World. However, Part B of this table shows that growth has not been uniform. While the advanced capitalist countries, for example, achieved higher growth rates in the latter part of the period, the reverse applies to the Third World.

Not only does the Third World show a terrifying degree of economic backwardness in relation to the advanced countries with the same capitalist system, but the statistical data all tend to suggest that this backwardness has grown relatively worse in recent years, especially as regards per capita growth. The few more recent figures which it has been possible to collect do not allow us to hope that this trend is being reversed.

One conclusion follows: the wave of political independence which swept over the Third World after the Second World War has so far generally not enabled it to overcome its economic backwardness. I shall not yet try to analyze the reasons for this since they should become apparent as the areas of production, trade, and the movement of capital are investigated in the chapters that follow.

Table I-I

Population and Area in 1965

	Millions of inhabitants	Estimated annual rate of increase (%)	Area in 1000 sq. km.	Population density per sq. km.
World	3,285	1.8	135,773	24
Socialist countries				
Europe	122	1.0	1,273	95
U.S.S.R.	231	1.5	22,402	10
China	700	1.5	9,561	72
North Korea	12	3.0	121	98
North Vietnam	19	3.4	159	120
Mongolia	1	2.9	1,535	1
Cuba	8	2.1	115	70
	<u>1,093</u> (33.3%)		<u>35,166</u> (26%)	
Developed capitalist countries				
U.S. and Canada	214	1.6	19,340	11
Europe, excluding the socialist countries	322	0.9	3,656	88
Japan	98	1.0	370	265
Israel	3	3.6	21	130
Australia and New Zealand	14	2.1	7,955	2
	<u>651</u> (19.8%)		<u>31,342</u> (23%)	
Third World countries				
America, excluding the U.S.A., Canada, Cuba	235	3.0	22,608	10
All Africa	310	2.5	30,258	10
Asia, excluding Japan, Israel, the socialist countries*	992	2.4	15,844	63
Oceania, excluding Australia and New Zealand	4	2.8	555	7
	<u>1,541</u> (46.9%)		<u>69,265</u> (51%)	

*Including Turkey

Source: United Nations Statistical Yearbook, 1965, Tables 2 and 19; United Nations Demographic Yearbook, 1965, Tables 1 and 3.