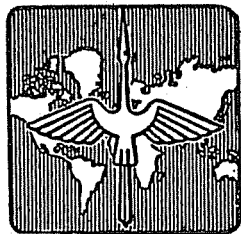


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**The New Capitalist World Order:
Implications for Development
in North and South-East Asia**

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The New Capitalist World Order: Implications for Development in North and South-East Asia

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GENESIS OF THE NEW INTERNATIONAL ORDER

It is generally acknowledged that, since the 1960s, the hegemonic industrialized countries of the North have entered into an ever-deepening crisis - a crisis which is often imputed to the growing competition by newly industrializing countries of the South whose exports to the capitalist industrial nations of the North and to the oil-rich countries have constantly increased. Rather more than 60% of these exports came from a small number of city-states and countries in Asia (Hongkong, Singapore, Taiwan, South Korea) and for about 20% from Latin America (Brazil and Mexico), but the range of exporting countries has been rapidly increasing (e.g. the East European countries; Indonesia, Thailand, India, Malaysia, Argentina, Mauritius, Sri Lanka, the People's Republic of China, and others). Nevertheless, exports from the South of processed products represent as yet only a small part of total exports of such products to the industrialized countries. According to the World Bank, that part rose from 4.9% in 1962 to 7.5% in 1976. These exports cover a limited range of goods (textiles, leather, shoes, electronics) but tend to widen their range (e.g. cars, agricultural equipment). Although of limited significance in global world trade, the proportion of income from processed and semi-processed products in total revenues from exports for the countries of the South is rising rapidly. In 1960 it represented only 13%, in 1977 40%, and the World Bank projects that it will rise to 55% by 1985.¹

The export of raw materials thus remains of major significance, and the need to achieve stable prices continues to be of primary importance. Not only resistance by the hegemonic industrialized countries, but also reluctance on the part of 'industrializing' countries of the South, prevents the emergence of a common front and

explains the failure of all attempts by the South to achieve a breakthrough by means of UNCTAD, the North-South 'dialogues' and in other ways. The October 1981 meeting at Cancun, Mexico, has once again served the United States to reconfirm its position: 'development is only to take place by relying on and giving free play to unhampered free enterprise'.

The rise in imports from East and South, however, has been much less than that in trade among the hegemonic industrialized nations themselves. The balance of trade in industrial products of the latter with the rest of the world is very much in their favour, and has even increased during the last few years. Contrary to what is often assumed, there is evidence that the development of industrial trade by the North with the South has on balance generated more jobs than were lost. The North's loss of jobs as a result of labour-saving automation is twice that caused by imports from the South.

There is thus no basis to the argument that the growing crisis in the North has its genesis and receives its impetus from increased competition by newly industrializing nations. If that were really the case, how are we to explain the impressive growth in sales of wholesale factories and capital equipment by the North to the East and South? These sales would not have taken place if they really represented a threat to Northern hegemony.

There is good reason to explain these sales and the growth of export industrialization from the South by growing competition among the industrialized nations themselves. A rise in the organic composition of capital tends to entail a decline in the rate of profit, all other factors being equal. This tendency results from the continuous need by corporations to pursue and accelerate technological innovation, a condition for their

survival and for continued profitability. Therefore, in order to beat their competitors on the world market and to achieve monopoly, corporations are obliged to pursue unceasingly a rise in the organic composition of capital. To finance the continuous rise in capital requirements, cash flows have to be expanded, hence the steady rise in prices of oligopolistically-controlled goods and services and the uncontrollable growth of inflation.² Further decline in the profitability of capital has to be countered by reducing the labour component in the production process wherever possible, and also its share in the cost of production. Therefore, not only wage incomes but also achievements in social security and labour conditions are challenged. The labouring people in the North have gradually conquered these by their long struggle since the beginnings of the Industrial Revolution. The gradual subordination and incorporation of the South and the economic boom periods with which that was associated, have greatly contributed to these achievements. National Keynesian policies intended to combat the crisis resulting from new forms of capital accumulation have now been given up, but were characteristic of the 1950s and 1960s. They were abandoned during the growing crisis in capital accumulation because they became an obstacle and were no longer in line with the requirements of the corporations.

One answer to competition within the hegemonic industrialized countries, and to the militant resistance of the working class against a decline in their conditions of living has been automation, which has not only penetrated industry but also all other spheres of life, including all public and private services.³ Although the decline in industrial employment may have been countered by an expansion in the service and retail economy,

this expansion is likely to be shortlived before it is also affected by automation and controlled by corporations. The growth of massive unemployment in the North is an inevitable structural feature of this new form of expansion of monopoly capital. Inequalities in gainful opportunities for work will deepen in the North, leading to a serious sharpening of social contradictions as well as to attempts by the ruling classes and states to contain them.

Another major form by which accumulation is secured is the growth and expansion of the arms industry, which is perhaps the principal answer by Northern corporations in combatting the decline in the productivity of capital and ensuring continued profit. Expenditure on weapon research during 1980 has been estimated at eight times that devoted to solving the 'energy problem'.⁴ This very fact suggests that the 'energy crisis' is artificial. There is indeed evidence that it has been construed by the oil companies as an answer to the OPEC strategy. The companies justify their record profits by developing alternative sources of energy which would make the industrialized nations independent of the Middle East. Although long-term projections indicate an abundance of oil, it is declared to be scarce.⁵ Thus, loss of profit as a result of OPEC's strategy is compensated by rises in prices. Meanwhile, the OPEC countries are obliged to channel their huge profits into the purchase of arms and into large projects. In this way, the projects flow back to the industrialized countries.

The report cited above estimated that in 1980 one thousand billion dollars would be spent on arms production. The armaments race in the North is fomented by the sale of arms by Eastern countries with a view to countering stagnation and securing high profits. Corporate compe-

tition in the North is fuelled by this, and a cold war climate becomes essential to justify the rise in arms production.⁶ To ensure their survival and profitability and to offset the effects of the rise in the organic composition of capital in the metropolis, corporations are thus increasingly obliged to go in for the production and sale of armaments. Also, they have to secure raw materials for home production at minimum cost, and to conquer new markets for their industrial and agricultural products. Finally, they have to seek and organize in the South production for export to the metropolis at the cheapest possible price. The search for cheap labour in the South is a highly dynamic component of the strategy of the corporations, leading some scholars to the conclusion that a qualitatively new international division of labour is emerging.⁷

Thus, it is proposed that the crisis in the process of capitalist accumulation in the North/West is at the origin of the present 'crisis' of the dominant world economic system. In this view, intensified competition between corporations of the hegemonic industrialized countries is the major moving force behind the deepening incorporation of the South into the dominant world economy.

The intense penetration and development of capitalism in the South, either by direct promotion of capitalist production relations or by reliance on pre-capitalist production relations, has greatly exacerbated class contradictions. This is evidenced by the growing concentration of control over national resources and assets and by the simultaneous growth of minority wealth and mass poverty, not only in Asia and Latin America, but also in Africa.⁸

The growing competition among the industrialized nations is particularly acute in the conflict between the USA, whose power declined after the Korean War and the defeat in Vietnam, and the new capitalist super-powers, West Germany and Japan. Both wars had a decisive effect on their economic growth and pulled them out of serious stagnation. They were also a major stimulus to exports by countries in the South, whose raw material markets boomed thanks to the requirements of the wars. The economic booms in the North and South in the 1950s and 1960s have indeed been closely associated with the Korean and Vietnamese wars.⁹

Wherever nationalist governments have tried to mitigate the negative effects of the reconstitution of a capitalist world order by promoting reformist policies which would help to improve the livelihood of their populations, they have been overthrown with the active support of the USA; for example, in Iran, Indonesia, Brazil and Chile. Through the International Monetary Fund, the hegemonic industrialized countries have worked out policies and strategies which created suitable conditions for foreign capital to operate freely and to organize resources in such a way as to ensure maximum profit and profitability. Freedom and favourable incentives for foreign investment, restrictions on the improvement of living standards, a curb on the role of the public sector in the national economy, and devaluation of the national currency have invariably been stipulated by the IMF.¹⁰ These were conditions to make the countries in question eligible for loans by the World Bank. Since the growth of the crisis, this role has been shared by commercial banks, operating under protection of the IMF and the World Bank, in support of monopolistic firms and their national partners.¹¹ The pervasive role played by the

World Bank in shaping the structure of the Southern economies to suit the requirements of the North, is evidenced by its switch from a project to a programme approach and by its increasingly direct control over national planning.¹²

Although the sharp rise in indebtedness constitutes a serious risk, not only the banks but also the governments of the North are 'obliged' to support 'their firms' since the conquest of opportunities in the South and East is the only way by which to secure an increase in economic power, their condition for survival. The leverage exercised by the corporations in the metropolis leaves the governments with no alternatives. In the USA the position of the corporations was enhanced by the decline in State power after the defeat in Vietnam. The corporations are key controllers of employment. They are also the only instruments of a dynamic corporate strategy in Northern countries to advance in the world economy, to which national economies have become subordinate. Resistance by the unions is limited by its stake in the national system. It may even happen, as in the Netherlands, that they place the entire pension fund at the disposal of the employers' organizations which, together with the banks, decide which investment opportunities will secure growth, so that future pensions are safeguarded. In this particular case, the savings of the workers represent the largest investment source available.

In this way, far from creating an alternative employment and income strategy, the labour unions are actively supporting the destruction of employment potential. On the other hand, American as well as European labour unions have tended to support arms production as a source of employment, even though the advanced arms systems, which produce many jobs for scientists and engineers, create few manufacturing jobs. This illustrates the extent to which unions are incorporated into

the dominant growth strategy, and the ambiguity of their position which is dictated by their subjection to the hegemonic ideology that growth is on balance the only alternative and the best strategy. The question is whether, given the ever-deepening integration into the dominant world economy and the European Common Market, there is any scope for an alternative approach within the prevailing framework.

To maximize exports and to minimize imports from the South, except for raw materials, has become the only way by which countries of the North can counter the crisis. Factory operations and sales of capital equipment to the South remain dependent on the metropolitan firms, which retain control by their ownership of scientific research and knowhow. Thus, the transfer of these technologies, rather than increasing independence in the South, in reality intensifies dependence.

THE MODERNIZATION OF INDUSTRY AND AGRICULTURE

Since their emergence in the 1950s and 1960s, import substitution industries have grown and have contributed much to the dependence of the South on the North, contrary to the original expectations of nationalist-inspired governments and scholars. They have greatly raised the import bill for raw materials, intermediate inputs and knowhow, which was further increased by the introduction of joint ventures. Although at first sight these seemed to be a concession to nationalist aspirations, they actually accelerated control by metropolitan corporations over dependent national economies. This enabled a much closer integration with the mother companies. The growing indebtedness caused by the rise in imports that were necessary to develop import substitution industries, gave the

metropolitan firms a stronger position from which to dictate the terms of their 'corporation' through their governments and the international agencies, and to manipulate that cooperation to their own advantage (e.g. transfer pricing).

Since the beginning of the crisis in the 1960s, the necessity for the hegemonic industrialized countries to re-orient their strategy has led to mounting critique of industrialization by way of import substitution by scholars of the North, and through the World Bank, the Asian Development Bank and other agencies in the service of metropolitan capital accumulation.¹³

It is easy to criticize the costly and inefficient nature of the import-substitution industry, its service function to the elite, and its failure to generate employment. The fact is usually ignored, however, that capital-intensive import-substitution industries had been supported and promoted by the hegemonic industrialized countries themselves, in that such industries served an essential function in the process of capital accumulation for 'their' monopolistic firms. Sermons about the elitist character of import-substitution industries are therefore somewhat hypocritical. But to sermonize about this hypocrisy is likely to detract attention from the rationale behind the sermons.

To make import substitution feasible, an effective demand had to be secured, but this could only be done by protecting the ruling class and its cadres and by reinforcing their position. The small circle of privileged had to be enlarged in order to amplify the market. This 'buffer group' also helped the ruling class to protect itself against pressures from below for a redistribution of power and income, as the new beneficiaries also acquired a stake in the defence of the status quo and supported the claim that national resources should be

allocated with priority to 'their' industries. This implied that national industries which produced basic consumer goods for the masses should not be allowed to compete for funds.

In Indonesia, between 1969 and 1974, foreign corporations invested more than one thousand million dollars in the textile industry, but created only 70,000 new jobs while more than 300,000 were lost due to the destruction of the small-scale traditional weaving industry.¹⁴ This shift was furthered by the disintegration of the earlier link between industry and agriculture in the villages. As 'effective demand' among the impoverished village population declined, many artisans lost their livelihood. Some small industries shifted to the urban centres where they were bought up and incorporated into enterprises whose owners, in view of their connections, could draw loans from the banks.¹⁵

For the import substitution strategy to succeed, any movements which would demand a major distribution of power, assets and income had to be prevented. Otherwise, a qualitatively different effective demand for goods and services would be generated, in line with the basic needs of the masses, but incompatible with the requirements of import substitution industry, as shaped by the corporations. On the other hand, industry also had to adapt to the prevailing power and income structure. Thus, an alliance frequently emerged between industrialists and the landlords who were major clients of industrial production. In exchange for industrialization, industrialists in Asia and Latin America had to promise not to challenge but to support the position of the modernizing landlords and rich farmers. In some cases major 'feudal holdings' were broken up and re-allocated to agricultural entrepreneurs. In others, the landlords modernized themselves. No major agrarian re-

structuring took place, but conditions favouring capitalist agricultural modernization were created. Only a minority of landlords, entrepreneurs, upper-middle and middle owners and tenants were to benefit from the capitalist modernization of agriculture; the majority, i.e. small owners, small tenants and labourers, had to cope with deteriorating conditions. As a result, many small owners were faced with debts and forced to sell their land.

In Africa, the lack of basic consumer goods constituted a major break on production by the peasantry.¹⁶ Community land was gradually appropriated by chiefs, bureaucrats and politicians who, with loans from the State and international agencies, converted themselves into capitalist entrepreneurs. They turned some of their kinsmen into wage labourers and evicted the rest who were forced to continue as marginal peasants, or to join the exodus to the urban centres. If and when capitalist production relations developed within a pre-capitalist mode of production, they relied on the nascent class structure already present within the very evolution of social and production relations. New capitalist entrepreneurs emerged from among the extended family and tribal chiefs, manipulating their position to remove constraints on the growth of capitalist production relations.

With the advance of capitalist production relations and the intensified squeeze on producers who were 'kept' within what were at times the more profitable pre-capitalist production relations, a progressive disintegration of self-provisioning livelihood occurred in all dependent societies,¹⁷ leading to a growing exodus of poor peasants to the urban centres in the expectation of finding work and income. Very few were able to find stable opportunities, however, and the majority of workers and peasants

profited neither from industrial nor from agricultural modernization. They constituted a continually increasing reserve army which allowed modernizing industry and agriculture to keep wages to a minimum, except for a few managers, supervisors and skilled workers.

In the early stage of reconstituting the capitalist world order in the 1950s, agrarian transformation was sometimes viewed by national industrialists as well as by foreign capital as an essential condition for dynamic national development. How could industrialization be possible without a broadening of the market and of effective demand? Soon, however, as alliances grew between corporate foreign interests and national entrepreneurs, interest in agrarian transformation subsided and land reform was equated with measures to promote agricultural modernization.¹⁸ Increase of productivity became the foremost objective, being considered essential in order to keep industrial wages and salaries down, and to secure urban stability.¹⁹ Modernization was also the door through which foreign capital was able to penetrate into agriculture. It permitted metropolitan agribusiness, stimulated by the steep rise of food prices particularly since the 1970s, to supply more inputs and to expand export agriculture from which countries of the South had to obtain income with which to meet their ever-rising debt obligations. Thus, the hegemonic industrial countries and the World Bank have consistently pressed for priority to be given to the promotion of export agriculture.

Competition between countries has served to bring prices on the world market down. Technological innovations with which to maximize productivity became a substitute for agrarian transformation and for internal capital formation through the use of the large, under-utilized,

labour reservoir and creativity of the peasant masses. This was the strategy of the People's Republic of China, after the refusal of help by the United States in the 1940s and of the Soviet Union in the 1950s.²⁰ This same strategy was applied in Vietnam, again out of necessity. In those countries which were re-incorporated into the dominant world economy after World War II, however, agricultural modernization served as a major instrument with which metropolitan firms enlarged their opportunities for capital accumulation. The resulting shift in the South from national to export agriculture, from low to high income, and from food industrial crops; the change from food to cattle, and from low-density to high-density use of land for commodity purposes, all had the compound effect of a stagnation or even decline in the production of basic foods.²¹ The overall effect of the penetration of agribusiness into agriculture was to increase dependence on the hegemonic countries: not only for inputs but also for basic foods, produced by the high productivity agriculture of those hegemonic countries. The US has become the major food exporter, with earnings from agricultural exports that are higher than those from industrial products. One effect of this has been that countries of the South, which hitherto derived major earnings from food exports, were increasingly faced with competition and saw their markets threatened. Also, the United States and other hegemonic societies²³ have enhanced their leverage over the dependent societies of the South and use it as a strategic instrument of political manipulation and control. According to authoritative forecasts, foodgrain deficits in Asia as a whole will be six times as great in the 1980s as in the 1970s. For South East Asia, it is calculated that in 1985 the food grain deficit will be 13 million tons as compared to the surplus of half-a-million tons that was available in 1972.

Thailand's rice exports will by then have dropped to half the 1972 volume while Indonesia's deficit will be six times that of 1972, similar to that of Asia as a whole.²⁴

THE NEW INDUSTRIALIZATION STRATEGY

The attack on import substitution which was initiated in the 1960s cannot be dissociated from the urgent need of the MNCs to reorient their industrialization strategy and to find a way of effectively countering declining profits in their own countries. For the United States, this attack has implied an attempt to challenge the privileged position which Japan had built up in South East Asia while the United States was involved in the Korean and Vietnamese Wars. Optimum conditions had to be created under which the MNCs could set up export industries which could make use of the abundant reservoir of cheap labour. To that end, 'free' export zones were set up, initially in a few selected countries. When labour costs started to rise, due to increased oil prices and the competition for labour which started to press for higher wages, export factories gradually became established in other countries which then had to compete with one another in offering maximum incentives to monopoly capital. The import of foreign capital technology and knowhow, to be paid for dearly, was justified on the ground that it was the only way by which the countries of the South could increase their strength to face international competition. To that end, protective devices, which had earlier been introduced to make import substitution possible, had to be removed. Also, protective measures which debarred imports of metropolitan consumer goods had to be relaxed so as to give the MNCs an

outlet for their over-production at home. Not only the societies of the South but also Eastern Europe and China decided to accelerate modernization through export-industrialization, whose profits would allow them to purchase foreign technology. They were thus also drawn into the dominant world economy, and were obliged by their rulers to gear themselves to the criteria of profitability and efficiency.²⁵

It is suggested that this export industrialization is a qualitatively new form of central accumulation of capital. Production technology has been developed in such a way that complex processes can be fragmented into simple standardized operations in independent workshops. The split-up of production into a number of elementary units allows the MNCs to spread their operations over a number of locations in the South.²⁶ The change in the nature of technology and of production organization usually means that only unskilled labour is needed. Advantage can thus be taken of the huge reservoir of unemployed labour, allowing for optimum selection. As a rule young women are preferred to men, as they have more dexterity, are supposed to be more docile, and are willing to work for much lower wages which constitute only a fraction of those in the industrialized countries. The strict prohibition of any form of labour union or organization within the Free Trade Zones is essential in keeping wages to a minimum. This would not be possible if labour were allowed actively to organize in other forms of industry or in agriculture. In that case, export industrialization, advocated as the spearhead of modernization, would directly be affected and the MNCs would immediately shift to locations in other countries. Thus, the promotion of export industrialization hinges wholly on efficient repression by the state of any attempt

by peasants or workers to secure the improvement of their livelihood over that of society as a whole. Militarization and the repression of labour and the peasantry are closely intertwined.²⁷

Maintenance of pre-capitalist forms of production relations in agriculture and industry may also be quite functional, 'taking care' of the mass of under-utilized labour.²⁸ They facilitate the absorption of labour once it is expelled and at the same time, subsidize industry by securing reproduction of the labour force, to the extent that this is not taken care of by industry. Maintenance of pre-capitalist production relations is of strategic significance in helping to prevent open rebellion by the labouring people. Without it, governments would face more instability and direct resistance and would be obliged to intensify open repression, which in turn would incur the danger that instability would be heightened. Therefore, the partial maintenance of pre-capitalist relations has not only an economic, but also a political function in the process of central capital accumulation.²⁹ Wherever pressure for land reform has developed which would do away with pre-capitalist production relations, violent repression by the State has occurred (e.g. Indonesia, Philippines, Thailand, Guatemala, Brazil). Such land reforms would destroy the crucial benefits which agricultural and industrial modernization derive from the partial maintenance of pre-capitalist relations. The growth of the capitalist mode of production to predominance then not only has a tendency to decline but also in part to preserve pre-capitalist production relations insofar as they serve the central accumulation of capital.³⁰

The shift in the allocation of national resources from import substitution to export industrialization, imposed by the hegemonic industrialized countries, also

stimulates the export of consumer goods by metropolitan countries. If countries of the South show reluctance to accept these exports, they can be obliged to do so by the threat that their new industrial products may be denied access to the metropolitan markets. Organization of the General Agreement on Tariffs and Trades (GATT) is firmly in the hands of the industrialized countries, which are able to use it for that purpose.³¹

Similar to import substitution, export industrialization is advertised as the most suitable road towards industrialization by countries of the South. In actual fact, however, export industrialization represents a new and deeper form of dependence. Export factories have no organic connection with the national economies, except for the use of cheap labour, the land for the factory site, some services, energy, water and a few national inputs.³² Integration into the dominant economic production process is vertically organized by the corporations which therefore have little interest in promoting any horizontal multiplier effects which might help to broaden internal markets in countries of the South. These countries are entirely dependent on the corporations and the governments which support them for most of their inputs and for their markets. The industries are thus highly vulnerable and subject to manipulation; in particular, investments in them are modest, which facilitates their potential relocation.

The fragmentation of production operations makes each recipient country dependent on the corporations, who are in an excellent position to keep firm control over marketing and also over scientific and technological research and knowhow. Imported forms of technology are of little use in promoting forms of industrialization which could meet the basic needs of the population at large. The workers learn only elementary and routine

skills, which do little to stimulate creativity. Work is designed in such a way that it does not require any significant improvement of skills, so that production or workers can be shifted or replaced at any time the MNC considers it necessary.

The corporations have claimed that export industrialization could help significantly to solve the problem of unemployment. In 1975, according to conservative estimates of the International Labour Office, unemployment (not taking into account the massive underutilization of labour) totalled 300 million. By the end of the 20th century one billion jobs will be needed. According to recent estimates, people employed by all corporations which are major exporters in the industrialized countries total less than one million. A major increase is not very likely. Export industrialization can never develop to such an extent that it will make any significant impact on unemployment.³³ Even if expansion would create employment for 10 million people in the next 20 years, which is wholly improbable, it would only help one per cent of those who seek employment. This illustrates the infeasibility of the approach propagated by the IMF and the World Bank as the most promising road to development by the South.

Yet the industrialized nations are bound to advocate an export strategy and the investment loans required for this as the only alternative open to the South to industrialize. Their propagation of the supposed benefits of export industrialization is obviously rooted in the basic fact that corporation profits are extremely high in view of the hunger wages that are paid. Such high profits could perhaps be economically justified if productivity in the South in the export factories were much

less. In actual fact, it is as high or even higher than in the North, both as the result of an increase in working hours (an increase in absolute surplus value) and in work intensity (a rise in relative surplus value). Thus, this does not serve to explain or justify the super-exploitation of labour in the South.

The creation of export factories in urban centres draws poor peasants away from the countryside.³⁴ This is functional to the extent that it helps to depress wages, but marginal employment in the urban centres is aggravated.³⁵ On the other hand, the peasants' actual or potential contribution to capital formation in the countryside is thus excluded. If rural development is equated with agricultural modernization, however, and it is assumed that marginal productivity is zero, as neo-classical economists used to argue, who served as ideologues of modernization in the South, then the expulsion of peasants from agriculture is a good thing,³⁶ allowing for land concentration, mechanization and the expansion of agribusiness. Both import substitution and export industrialization have given a major impetus to migration from rural areas to the urban centres, in spite of the marginal opportunities that they created.

THE RATIONALE FOR A 'RADICAL' CAPITALIST LAND REFORM STRATEGY

In three countries only, i.e. Japan, Taiwan and South Korea, has the United States imposed a radical land reform. How can this 'radicalism' be explained? In all three cases it was carried out to stave-off the threat of social revolution by neutralizing the Communist Parties and the pressures by the poor peasantry who pressed for transformation of the agrarian structure. At the

same time, it prepared the ground for the capitalist modernization of industry, for which the modernization of agriculture was considered indispensable.³⁷ In South Vietnam, the USA ultimately recognized the need for a radical land reform, but by then it was too late. Implementation of the land reform did not favour the poor peasantry but the landlords and, as a consequence, it played a crucial role in rallying the poor peasantry to the national and social revolution and became a major cause of the American defeat.³⁸

In the case of Japan, it served to round off the reforms initiated by the ruling class in the middle of the 19th century to ensure accumulation for a process of national industrialization. The McArthur land reform served to create a high productivity organization of agriculture which could serve as a basis for the reconstruction and expansion of industry. Radical movements were effectively neutralized. In Taiwan, upon the ruthless elimination of the indigenous landlord class by Chiang Kai-Shek, the land reform served to provide him with a basis of legitimacy after his retreat from the mainland where he had lost any support by the poor peasantry through his consistent and violent opposition to even the mildest land reform.

In South Korea land reform was also imposed by the United States, and again served to prevent a takeover by the Communist Party which, as on China's mainland, supported the militant poor peasant organizations. An agrarian revolution such as had taken place in North Korea had to be prevented. As in the case of Taiwan, the land reform was facilitated by the fact that Korea had been a colony of defeated Japan and the government was able to distribute high quality tracts of land which had previously belonged to the Japanese corporations. Moreover, many landlords who were afraid that their land would be confiscated

if a social revolution occurred, started to sell it under the market price. When the official land reform was carried out, it only completed the process of the transfer of land by the landlords to their tenants.

In all three cases, industrialization was helped decisively by huge American funding, without which the countries would have had to rely entirely on internal accumulation out of agriculture. Thanks to American aid to industry, a significant part of the agricultural surplus could be re-invested. Initially, American aid consisted of grants and government loans. These were followed by loans by private banks. Both Taiwan and South Korea received many billions of dollars,³⁹ without which their agricultural and industrial development would have been slow and more difficult. Both countries have been hailed as shining examples of modernization which could serve as models for other countries of the South.⁴⁰ Both have recorded unmatched growth rates and average incomes have multiplied. After an initial period of import substitution, export industrialization became the motor of growth. Cheap labour for industry became available as poor peasants moved to the urban centres and by drawing on them in the countryside. This cheap labour, which only cost a fraction of the Japanese or American, became the foundation of the industrialization strategy. Wages could be kept at rock bottom by the government by keeping the purchase price of rice at a minimum. As a result, both countries have become entirely dependent on the development of their foreign trade and highly vulnerable to its fluctuations and to inflation.

With the growth of the exports industry, the cost of oil, royalties and imports of capital goods rose sharply. In South Korea this led to serious balance of payments deficits and to huge debts, particularly after

the oil crisis. Also, the priority given to industrialization meant that food production was neglected and South Korea had to rely on massive rice imports. In 1978, with imports of \$1.5 billion of agricultural products, South Korea had become the largest client of the USA for food and agricultural inputs. Japan has been another top importer of US farm produce, being obliged to do so by the Mutual Japanese Assistance Agreement of 1954 which also guaranteed American investments in Japan. Although official Korean data give a picture of a highly even and equitable ownership of land, in actual fact from one-third to half of the smallholders have lost their property rights and have become tenants, frequently paying up to half their harvest as rent. Thus, the land tenure pattern tends to revert to that which prevailed before the war, when Korea was a Japanese colony.

The push for mechanized farming will lead to new rounds of expulsion of indebted and impoverished small peasants, which will help to keep industrial wages down. Of all earnings from exports 40% remain in the country. The other 60% is used to pay for imports or represents profits for foreign corporations. As the prices of imports rise, this proportion is likely to increase. Both Taiwan and Korea also suffer from serious unemployment. In both cases, the entire growth strategy has been based on persistent violation of the rights of labour. In both countries, but particularly in Korea, the repression of all forms of self-organization by labour in attempts to improve their income and working conditions, have been very severe. Rather than models of stability, these countries have become highly unstable both because of their all-pervasive dependence on outside trade and because of the internal pressures that are building up as a result of legitimate claims by the working people

for dignity and for improved livelihood. In both cases, the Communist threat has been used to legitimize a repressive system which allows foreign capital to take maximum advantage. As a result of all this, both countries are highly questionable as models of development for other countries of the South. Also, if their governments would have to respond to the legitimate claims of the working class, their whole growth strategy would collapse.

It might be asked why the United States did not promote a radical capitalist land reform in any other countries while it exercised unmatched power. It may be argued that with the growth of multi-national capital and the concomitant need for an unequal income structure, interest by the United States and other industrialized countries in land reform as a method of radical redistribution of power, wealth and income subsided. An interest alliance grew up between the comprador bourgeoisie and the modernizing landlords and rich and middle farmers. The development of the South increasingly became equated with industrial and agricultural capitalist modernization, and in terms of corporate interest, the latter was viewed as an integral component of the former. In fact, in this perception, agricultural modernization in the South was only to succeed to the extent that it relied on, and would make use of, the inputs and knowhow provided by the corporations. Thus, reliance on the creation and promotion of indigenous science and technology had to be ruled out. In the hegemonic perception of industrial and agricultural development, modernization naturally entailed incorporation into the dominant capitalist world order. Any theory or practice of self-reliance therefore came to be perceived as subversive and as a threat to what was termed 'mutually beneficial cooperation'. This coopera-

tion had to be based on the 'law of comparative advantage' as prescribed by the industrialized countries. For the countries of the South that 'law' has meant making available raw materials, other exportable products, and cheap labour.

THE USE OF THE NORTH AGAINST THE SOUTH AND VICE VERSA

The new type of export industrialization promoted by the monopolistic corporations in the South not only threatens the national medium and small-scale enterprises there by imposing a re-allocation of investment away from goods and inputs in response to internal national demand, but also seriously threatens the position of small and medium industries and labour in the 'home' countries of the corporations. The remnants of the pre-corporate pre-monopolistic order are being increasingly destroyed in the USA, in Europe, and in Japan. Bankruptcies and continual mergers are the natural effects of this new round of capital accumulation.⁴¹ Mass unemployment is growing. Traditional protection and security for labour are breaking down and pressures grow for a lowering of the price of labour. In that sense, the 'social crisis' in the South and also in the North may be seen as the inevitable product of the strategy adopted by monopoly capital to overcome its own crisis. To create a new international world order which will meet its requirements, capital has to weaken the working class in both the North and the South. To achieve this in the North, it has to make use of the new forms of production organization introduced in the South. In this way, it uses the cheap labour of the South to press for a re-organization of society in the North.

In that sense it may be argued that the present crisis, although it has its roots in the very nature of the process of capitalist accumulation in the North, is also the fruit of a deliberate strategy of capital to create new conditions for its survival and expansion. To create a 'suitable environment', however, it has increasingly to rely on militarization and repression. In spite of serious contradictions between North and East, there is also a growing collaboration. Russia and Eastern Europe have depended massively on the North for capital and technology. The corporations make on a large scale use of cheap labour and have arranged for payment in products wherever joint ventures are set up. Consequently, there is no need for the government in question to advance capital as is the practice of corporations which have started joint ventures in Russia.⁴² A similar process has now started in China. This collaboration has brought about joint exports to the South. Many joint ventures in Eastern Europe export to all parts of the world, and those in China may be expected to do the same. It is therefore not unreasonable to assume that, in spite of their divergent or even sharply opposite interests, a common interest tends to grow between the ruling classes of the North and the elites in power in the East. Both tend to cooperate with the ruling classes in the South in containing the needs of, and in tightening control over, the masses of the poor. This may help to explain the cooperation by the 'socialist' States of the East with highly repressive governments all over the world.

IDEOLOGICAL STRATEGIES AS INSTRUMENTS TO PROMOTE THE NEW INTERNATIONAL ORDER

The new form of valorization of Capital in the South does not only depend on reinforcement of the control or repressive capacity of the State, and on the combination of direct capitalist growth and partial maintenance of pre-capitalist production relations.

There is also a need, in view of the sharpening contradictions of the deepening incorporation into the dominant world economy and the concomitant uneven growth, to rely on the maintenance and re-activation of pre-capitalist ideologies. It is generally recognized that these have always played a vital role in the process of state and class formation, but it is less recognized that they have also come to play a strategic role in the growth of capitalism in the dominated South.

Revitalization of these ideologies has played a crucial role in creating a 'national' base for capitalist modernization in Japan, Taiwan, and South Korea. After the defeat of Japan, renewed socialization into belief in the sacredness of the Emperor and the cultivation of respect for authority was essential in creating unity between the material and the spiritual world and harmony between capital and labour. In Taiwan, the promotion of Confucianism was a strategic element used by the non-Taiwanese rulers, to secure the allegiance of the indigenous population and 'national' unity. In South Korea, after an initial attempt directly to modernize national culture, it was realized that it would be wiser to re-introduce the ancient Confucian imperial and ancestor ritual rather than to destroy the ideology which for centuries had impregnated and legitimized relations between rulers and ruled. In Thailand, where from the earliest beginnings of state formation, Buddhism had

been used by the kings to rally the people against rivals for power, its promotion as the official state ideology played a strategic role. Revitalization of the position of the king as the sacred and supreme arbiter of the nation and as the foundation of national unity, has been an essential element in the management of the growing contradictions that have arisen since the 1960s when Thailand's incorporation into the dominant world economy was accelerated. Thailand's Board of Investment has even made use of Buddhism to attract foreign investment, pointing out that relations between employer and employee are 'normally more that of a guardian and ward than of master and serf', thanks to the docility which Buddhism is supposed to have created in its working population.

In Indonesia the communal ideology of *mushawara* and *gotongroyong* which was actively used by Sukarno in his populist policies, was taken over by the military government after its coup in the mid-1960s to forestall a land reform which was part of a mildly reformist policy of a nationalist government. The promotion of this ideology served to mitigate the contradictions resulting from capitalist modernization through primary reliance on foreign capital. This ideology was closely related to the image of the 'original' pre-colonial village community as a harmonious and naturally cooperative unit, an image which had been created by the Dutch colonial regime to facilitate surplus extraction.⁴³

In the Philippines, Marcos has tried to give a semblance of democracy and consensual support for his dictatorship and to conceal the growth of class divisions, by re-constructing pseudo-forms of democratic consultation from the pre-Spanish period, thereby suggesting the 'nationalist', anti-colonial, nature of his government.

In the People's Republic of China, the campaign against Confucius was an essential part of the cultural revolution, i.e. an attempt to prevent a return to capitalism. With the initiation of the modernization policy after the death of Mao Tse Tung, the campaign was discontinued. Benevolence towards those Confucian elements that remain in social relations and in the people's consciousness, or even their tacit revival, could play a very useful role in promoting that modernization.

In Vietnam the Party decided not to construe a contradiction between Confucian and Marxist ideology, preferring to view them as reconcilable and even as complementary. It accepted the Confucian ethical heritage while repudiating its elitistic elements.⁴⁴

This promotion of pre-capitalist ideology went hand in hand with promotion of the ideology of equal opportunity. The deeper that class divisions grew and monopoly capitalism penetrated, the more intensive became the propagation through the mass media of the fiction of equal opportunity. Individual work and merit as well as happiness were portrayed as the basis for personal position and achievement. This had to serve to prevent or weaken the growth of political consciousness. In this way an attempt was made to forge an imagery by which people would view themselves as independent of society, and society as an aggregate of individuals each of whom had their own properties. Promotion of this ideology is vital for the destruction of any form of potential solidarity among the working poor in an attempt to transform society.⁴⁵

Implicit in the above presentation is the premise that science and technology cannot be taken as independent variables, but that their making, use and effect are

shaped pervasively by the evolution, nature and structure of the dominant world economy and of the forces which operate to uphold, protect and strengthen that economy. Resistance and controversy are generated by the contradictions which develop within, and as a result of, the process of central accumulation of capital. Mass poverty and oppression engender movements which emerge to oppose and fight capital. As incorporation into the dominant world economy deepens and class and income divisions with it, physical as well as ideological repression will be intensified by the ruling classes which, directly or indirectly, use the State apparatus for the purpose.

THE 'FAILURE' OF CAPITALIST 'DEVELOPMENT' REMEDIES

Governments in the North and of the dominated societies in the South have made multiple proposals as to how the overcome the mass poverty which has resulted from capitalist modernization. From the 1960s onwards, employment policies have been proposed by the industrialized hegemones, through the International Labour Office and other channels, to counter the massive growth of under-utilized labour in agriculture and of the effects of the destruction of small-scale and artisan industries in the South as a result of import-substituting industrialization. Not surprisingly, these policies have been failures, having been based on the assumption that the production of goods and services should be labour-intensive. It was this type of production and the technologies that were used which were challenged and destroyed by the re-allocation of resources as a result of industrial and agricultural modernization. The growing under-utilization of labour and the stagnation of employment are in-

evitable outcomes of a re-allocation of resources in support of profit-oriented capitalist enterprise. They are not due to a mistake or lack of insight, but represent the very condition under which, at the present stage of capitalist development, incorporation into the dominant world economy takes place. To speak of 'failure' is thus misleading as it does not take seriously the inherent logic of capital.⁴⁶

When 'employment strategies' proved a 'failure', the 'basic needs' strategy was introduced, but that was also bound to fail. Where profit maximization or the pursuit of a high level of profitability are central, capital has no interest in giving priority to production with which to meet basic needs, but surely it ought to do so in order to neutralize or minimize popular resistance and opposition. The evolution of industrialization in the South shows that ruling classes have deliberately pursued a 'minority' strategy, i.e. to meet the basic needs of privileged groups,⁴⁷ even re-organizing and improving 'effective demand' by the elites in order to strengthen that strategy. In the North the key link, which provided the motor to industrial growth, was that between capital goods and mass production goods. In the South, however, as a consequence of its incorporation into the dominant world economy and the internal class divisions which grew with it, and of the partnership between ruling classes in North and South, the key link became that between exports and luxury goods.

The 'basic' needs strategy was linked to one of 'income distribution'. Redistribution of income was said to be essential in order to broaden effective demand. The premise was that a re-allocation of resources towards mass-oriented production of goods and services might become attractive for the elites. But such 'redistribution' cannot be realized without re-

distribution in the ownership of and control over resources and assets. Without this, a redistribution strategy will merely strengthen existing inequalities in wealth. This has been amply demonstrated by numerous public works programmes, the principal beneficiaries of which have been the modernizing landlords, middle and upper middle farmers, merchants and contractors. For the mass of poor peasants, such programmes have brought only temporary relief. This applies also to other traditional income redistribution policies such as price, tax, subsidy and welfare schemes, the potentially equalizing effects of which have been effectively neutralized by subsequent measures or activities introduced by the ruling classes. Income redistribution has indeed taken place, as a result of the growing concentration of ownership of means of production and of income. At this stage of development of the dominant world economy, however, such a policy is incompatible with the requirements of capitalist industrial and agricultural growth. Effective re-distribution is the central objective of all peasants' and workers' movements, which therefore have to be brutally repressed.

Liberal economists in the North have proposed withdrawing benefits from monopoly capital and thus providing more support to small national enterprises and the mass of small farmers. Like the previous proposals, this is entirely unrealistic, flying in the face of the very dynamics that created the conditions under which monopoly capital had been prepared to 'help' the South, and which relied on the comprador bourgeoisie for cooperation.

Such proposals were close to assigning to the mass of small agricultural and industrial enterprises in the informal sector, a pioneer role as the motor in creating

income and employment. Such a view wholly ignores the fact that the rudimentary use of science and technology and the low productivity and low incomes in the 'informal' sector cannot be explained by themselves but only as a result of the privileged treatment given to the 'modern sector' with which it has an organic relationship. Some branches of the informal sector are selectively incorporated into the modern sector in order to produce components, but only if they provide cheaper labour. The bulk of the informal sector is 'written off' and condemned to stagnation. Yet this sector serves an essential function as a labour reservoir and social security system to which labour can turn when it is expelled from the modern sector or when it cannot be absorbed. Moreover, the modern sector can partly externalize its costs and discharge those onto the informal sector, so that the price paid to labour can approximate or even drop below subsistence requirements in the modern sector economy. Labour either returns to the village to reconstitute itself or relatives of members come to town to bring them food. Life in the informal sector economy is far cheaper than in the modern sector; and the persistence of pre-capitalist forms and mechanisms of solidarity and mutual aid serve at least partly to take charge of reproduction of the labour force.

Another remedy to the problem of mass poverty has been the promotion of small and intermediate technology, with the rationale that technology ought to be 'adapted' and 'appropriate'. This philosophy emerged in the 1960s in direct response to the growth of monopoly capitalism and to the disastrous effects which the sale of technology by the North to the South had on the distribution of power, assets, work and income.

The original proposal for the spread of intermediate technology was based on several premisses, such as: that work-places have to be created in the areas where the people are living now, and not primarily in metropolitan areas into which they tend to migrate, that these work-places must be, on the average, cheap enough so that they can be created in large numbers without this calling for an unattainable level of savings and imports, that the production methods employed must be relatively simple, so that the demands for high skills are minimized, not only in the production process itself, but also in matters of organization, raw materials supply, financing, marketing and so forth, and that production should be largely from local materials for local use.

The types of industry to be tackled immediately would be 'every kind of consumers' goods industry, including building materials, agricultural implements and equipment for intermediate technology. It was assumed that genuine economic development could only take place in as far as people would be able to make their own tools and other equipment.⁴⁸

These premisses are unquestionably very attractive. If the proposals on intermediate technology are related to the concrete historical setting of the South, however, it seems that the productive activities which intermediate technology wishes to bring about are challenged by the influx of consumer goods from abroad and by the development of import substitution industries. This process has occurred simultaneously with the development of a class and income structure which, as observed above, orients investment and State support into directions that prevent effective activation of the productive and

creative capacity of the majority population. Thus, priority for intermediate technology directly conflicts with the allocation of resources and with investment patterns which respond to the interests of the dominant classes and associated groups. The introduction of intermediate technology would require, among other things, strict control over foreign and associated investments, over patterns of consumption (in particular, conspicuous consumption), and a re-orientation towards the production of services and consumer goods which are necessary if the mass of the population is to live decently and to be creative and productive. This approach suffers from the same flaw as that which it is intended to combat. It is equally mechanistic and technocratic in that it is based on the premisses that once productive forces of the 'right size' have been introduced, these will lead to the growth of suitable production relations which might do away with the problems of marginalization and mass poverty.⁴⁹ The fundamental fact tends to be ignored that the genesis and use of science and technology have always been crucially shaped by the evolution of production relations of the dominant mode of production and of the underlying hegemonic ideology.

The development of productive forces, in turn, has a far-reaching effect on the evolution of production relations, which becomes manifest in the evolving class structure. An essential characteristic of the hegemonic ideology of monopoly capitalism is that science and technology are perceived as neutral, value-free instruments. Any indication of the ways in which their use and effects are shaped by the particular nature and structure of social relations and are inherently class-biased, causes surprise if not indignation: a reaction that is inevitable if it is assumed that science and technology exist in their own right, and therefore should not be 'mixed

up' with questions of economic and political nature. This suggests the extent to which the view has become dominant that science and technology are autonomous. The internationalization of dominant consciousness is only one dimension of the general process of people's adaptation to the requirements of the dominant capitalist mode of production which needs to portray itself and its consequences as beneficial, inevitable and rational. This view assumes that productive relations, and also the organization of society and of the State to the extent that these support dominant productive relations, are identical with and a natural extension of the development of productive forces. People are therefore expected to perceive their subordination to the requirements of the productive apparatus as natural; i.e. that they cease to perceive it as subordination.⁵⁰

The situation in which 'all the sciences have been pressed into the service of capital', in which invention becomes a brand of business, and the application of science to direct production itself becomes a prospect which determines and solicits it, is only found specifically in the advanced stage of monopoly capitalism.⁵¹ The adaptation of education and of university teaching and research to the requirements of capital accumulation is an integral part of this process.

One consequence of the identification of productive relations with the development of productive forces is that the need for their transformation is no longer perceived. This diverts attention from change as a historical process and shrouds any perception of historical change, thereby reducing history to what is judged to be valid and therefore legitimate in the prevailing hegemonic values.⁵² One consequence is that a unilinear vision of development becomes the only alternative, in which all countries and peoples that wish to 'achieve

development' must pass through the same process, follow the same procedures, and apply the same techniques that have been implemented in the industrially advanced countries. Development is thus equated with what the dominant classes in the capitalist core countries deem to be desirable.

In this way, science as a methodological and experimental approach to concrete problems which require specific solutions in particular contexts, is replaced by the mechanical application of imported formulae which have not been devised to respond to national or local problems. Science thus loses its function in the search from within for solutions to be adapted to varying problems. Instead of being an instrument with which to identify real issues and to find alternative approaches that might lead to new *projets de civilisation* implying a more equal sharing of well-being and welfare, it serves to promote 'private rationality' at the expense of social rationality in service of the interests and needs of the majority of the world's population.

THE IDEOLOGY OF UNILINEAR DEVELOPMENT

'Development', defined in hegemonic ideology as economic growth through the application of forms of science and technology which have served as instruments of monopoly capitalism, is being disputed less and less. Not only in the North, but also in the South and the East (Soviet Union and China), development is understood basically as modernization through the maximization of growth thanks to the fullest development of productive forces.⁵³ The same ideological premise is prevalent. The concern of the East and the South has become 'how to catch up'. In the official Marxist perspective, the major problem is that of control. If only science and technology

could be properly controlled, the problem would be solved. Once the struggle for independence is over, official concern sooner or later becomes how to develop that same science and technology. This convergence in ideology shows that, within Marxist thinking about the future, the ideals of 19th century bourgeois ideology have not yet been rejected, other than for practical reasons out of temporary necessity. Marx's own thinking was shaped profoundly by this view.

The economic philosophy of the Bolshevik Party was reflected in Stalin's relentless pursuit of growth. The search for equality was to him a petit bourgeois concern, a concern that can be traced to the Bolshevik acceptance of the views predominating in the General Social Democratic party, i.e. the non-dialectical 'Marxist' economic conceptions of Kautsky and his harmony model, implying subordination of the working population to the 'objective' requirements of capital.⁵⁴ Bolsheviks posited that class contradictions had been overcome, as the state had taken control of the means of production on behalf of the working people. The thesis that State and Government Party are in themselves expressions of contradictions in society, developed by Mao as the basis for his socialist strategy, was diametrically opposed to the Soviet thesis which now has also been adopted by the Chinese Communist Party.

In order to achieve state power as the necessary precondition for the promotion of central accumulation as the basis for growth, Lenin viewed the use of force by the Bolshevik Party, even in its most violent form, not only as acceptable but as a 'normal' means of political activity. The people's democratic mass organizations such as the Soviets, the labour unions and the peasant organizations, were perceived as instruments to be controlled and manipulated by the Party, rather

than as the foundations of a new democratic order. In that sense, Stalin was a faithful executor of the dominant ideas about the road to power and growth which were held by the leadership of the Party. Thus, the theory and practice of 'proletarian dictatorship' as a more advanced form of democracy held by the large majority of the people, was from its early inception subverted and transformed into an oligarchical bureaucratic dictatorship over and against the working population.

In sharp contrast to this position are the views of Antonio Gramsci who refused to think of violence as the automatic generator of new values and new socialist relationships.⁵⁵ In his conception, the labouring people must become politically and socially 'hegemonic' before taking power. Unless the achievement of power is preceded and accompanied by growth of a broad social consensus rooted in intellectual and moral reformation among the majority of the population, a change from one form of despotism to another is likely, i.e. from capitalist exploitation to an even more repressive, bureaucratic form of domination. Unlike Lenin, Gramsci rejected a Party which would be an non-accountable elite organ whose task was to rule and steer the masses, thanks to its supposed intellectual and ideological supremacy. In Gramsci's view, by democratic practices within and in its relations with the people, the Party should serve as the prefiguration of a new society, through the unceasing democratic socialization of power at all levels and in all instances of social practice. Thus, he saw the conquest of power as indivisible from the achievement of legitimacy by the growth of democratic practices within the Party and between the Party and the people. Without such democratic practices the

leadership would be bound to resort to force and coercion against the very groups of the population whose emancipation it had intended to promote.⁵⁶ This use of force should be distinguished from that used by a ruling class whose power and control over the majority of the people is based on the systematic use of violence and repression. Violence and repression cannot be limited to restricted physical force, but in this view also refers to structural forms of expression, i.e. those forms of economic, political and social organization which prevent the majority of the people from surviving with minimum conditions of livelihood. Once new power is established, however, how can democratic control be effectively promoted and guaranteed?

The class and economic structure in the Soviet Union today have been shaped profoundly by the linear mechanistic 'Marxist' conception that is predominant in the Bolshevik Party. This conception has served as basis for the argument that no society could attain socialism without first going through the capitalist stage. Lenin's view that a socialist society could be organized by combining the transformation of productive relations with the wholesale introduction of western technology, manifested in his great admiration for Taylor's 'scientific' management theory and his tendency to rely on American engineers, revealed a mechanistic and non-dialectical conception regarding productive relations and productive forces.⁵⁷ The same view was held by other leading Bolsheviks who had been refugees in the United States and Europe, and led them to see concentrated growth as the only road to accumulation.

Mao's approach, which he presented in 1956 and which served as a basis for the Great Leap Forward,

signified a radical departure from the theory and practice of accumulation prevalent in the Soviet Union. As he argued: 'Heavy industries can accumulate capital. So can light industries and agriculture. However, light industry and agriculture can accumulate more capital and faster'.⁵⁸

Maurice Dobb gave this approach a theoretical formulation by identifying two criteria under which the choice of lower capital intensity would not be prejudicial to the objective of maximum growth (assuming that maximum growth would be a legitimate and necessary objective for countries with a low level of development of productive forces and low levels of welfare):

1. Where a lower capital intensity, when combined with a smaller scale, leads to a shorter gestation period for investment and, hence, makes it possible to reinvest surplus accruing from the investment earlier (a 'compound' effect). The amount of surplus per unit of capital investment may be smaller but the compound effect could lead to a higher rate of growth.
2. Where additional employment of the labour force does not involve any additional claim upon the investment funds of the economy.⁵⁹

This was the approach originally taken by the People's Republic of China where it had its origins in the Yen-an experience. China's isolation, forced upon it by first the United States and then by the Soviet Union, impelled it to pursue a policy of self-reliance. The new ideology required a radical attack on the notion that culture, science and technology were the privileged domain of intellectuals and specialists, and the mass line became

to involve the whole people in creative involvement in developing science and technology. The cultural revolution was launched to challenge the growth of a privileged class and of its bureaucratic monopolistic control over the State. The Maoist strategy of self-reliance was born out of necessity and represented at the time a pragmatic attempt to meet the consequences of the refusal of the two great powers to help, afraid as they were of the potential power of the People's Republic of China. After the victory by Vietnam, the weakened United States and the new leadership of the People's Republic of China entered into an alliance. In view of the profound changes in all aspects of Chinese strategy, including science and technology, many leading cadres who had been ousted in the 1950s and 'sixties in view of their opposition to Mao's strategy, returned to join the movement for rapid modernization. In spite of the disastrous implications of the dominant growth strategy in terms of income distribution, work opportunities, resource use and the environment, this is the only strategy that is considered viable and realistic in the North, East and South. This relative consensus is at the same time bound to aggravate the conflict between the ruling classes of the major contending powers over the control and distribution of resources.

SOME IMPLICATIONS OF CHINA'S MODERNIZATION POLICY

To pursue its new strategy of modernization, the People's Republic of China has to rely increasingly, like Russia and America, on exports, which will enable it to accelerate its import of foreign technology.

The principal potential market for the relatively unsophisticated capital and consumer goods which China

can export is Southeast Asia, where social transformation which would allow the masses to meet their basic needs by a fundamental restructuring of power and income might at this stage not be in China's interest. The postponement of national independence and self-reliance in Southeast Asia might well enhance growing reliance on Chinese exports. Since its change of policy, the People's Republic has not only tried to develop the best connections possible with the most right-wing repressive governments in the world at large, but also to come to terms with the dictatorial governments of ASEAN and to establish intimate forms of cooperation with their comprador bourgeoisies.

In Thailand, in particular, relentless efforts by China to develop friendship with extreme rightist political leaders, with the military government, as well as with the comprador bourgeoisie, are striking. Chinese military commanders have visited Thai army commanders, the chief training centre of Thai counter-insurgency operations, as well as strategic posts of the Thai border police from where the Thai Liberation Army is combatted.

The Chinese approach to ASEAN is allegedly inspired by fear for Russia and Vietnam. But this may have been compounded by China in order to push for and to legitimize its claim on Southeast Asia as its traditional domain, as a future supplier of raw materials, and as a market. To realize this, China would need to share its claims with America and Japan. While these countries would for the time being continue to supply heavy equipment and higher quality capital and consumer goods, China might provide the less sophisticated capital and consumer goods. In actual fact, it has for years been

supplying this market through its networks in Hong Kong and Singapore. The existing Southeast Asian trade network at the national and local levels, is controlled largely by merchants and traders of Chinese descent. The money market, export businesses, import substitution industry, construction, the food business, and other vital areas of economic activity, are also controlled to a significant extent by such entrepreneurs, who have always been allowed to operate as long as they were willing to share part of their profits with the indigenous elite, political leaders, the military and leading government officials.⁶⁰ In several countries of the region this close collaboration between the indigenous elite and the comprador bourgeoisie of Chinese origin has led to increasingly close forms of integration, often sealed by intermarriage. Not infrequently, the indigenous fractions of the ruling classes have fomented racist sentiments against the majority of poor and middle class Chinese so as to divert attention from their intimate collaboration with the powerful Chinese business community. Thus, the unification of the majority of poor indigenous workers and peasants with the minority of poor Chinese has been prevented.

The present Chinese government has undertaken a major campaign of inviting overseas Chinese to set up businesses in China, or alternatively, to help modernization through their remittances, creating special privileges and incentives for the purpose. This move is likely to create anxiety if not outright opposition among some of the Southeast Asian indigenous elites and governments, as such transfers or exports of capital would drain funds away from national investment and reduce their own profit opportunities. This makes it

easy for some governments, for reasons of political expedience and in order to curry favour with the poor and middle class populations, to question the loyalty of the overseas Chinese. The alleged threat, which usually takes on a racist bent, provides governments with a good reason to watch the Chinese and to try to secure their continued collaboration and favour. Some surface measures may be called for at times to assuage popular resentment and to contain local revolts, by the exploited indigenous population.

If, in the future, major political transformations would occur in the countries of Southeast Asia which are still dominated by America, Japan and Western Europe, the Chinese compradors, whose particular position in trade is largely due to pre-war colonial policies which barred them from entering many other occupations, are likely to face a difficult time, to the extent that they might oppose any socialist-oriented policy which would challenge their position. But even if no such major transformation takes place, their position remains precarious: the indigenous elites may be inclined to blame them for the disastrous effects of the capitalist growth strategy which they have pursued in close cooperation with, and in reliance on, the Chinese and which secured them many benefits.

Full access to the Southeast Asian market becomes all the more urgent for China as it pursues its modernization policy; this will cause inequality in income and effective demand at home to increase, while the internal market will remain restricted.

In its attempt to compete on the Southeast Asian market, a conflict is unavoidable with Japan which, in recent years, has shifted more and more of its labour-

intensive industries towards Southeast Asia. But Japan should be willing to come to terms with China on this question in exchange for privileges in exporting advanced technology to China.

China no longer considers the United States to be the principal imperialist power and instead seeks to cooperate with it closely in Southeast Asian, particularly in Thailand. As a consequence, China has abandoned its support for national liberation movements. It would seem that such movements may now advance only to the extent that they attempt to pursue a more independent self-reliant line.⁶¹ China, however, may continue to support the liberation movement for tactical reasons, hoping to press governments and comprador bourgeoisies into cooperation.

Meanwhile, China wholeheartedly welcomes the rapid growth of military expenditure by ASEAN countries. In 1980, their military expenditures totalled \$5.5 billion, a 45 per cent increase over 1979 and almost double that of 1975, when America was defeated and South Vietnam was liberated. In the early 1950s, America used the threat of imminent Chinese invasion to support the military dictatorship in Thailand, which was declared the bridge-head of the 'free world'. Now the Vietnamese threat is used to reinforce protection of the interests of the national ruling classes and foreign capital. Once again, the threat of external communist aggression is thus used to expand counter-insurgency operations.⁶²

SOME FINAL CONSIDERATIONS

The 'coalition' between the United States, Japan and China, and the cooperation of all three with repressive governments and military dictatorships, is likely to

aggravate further the conditions of mass poverty in Southeast Asia as in the rest of the world. The principal contradiction will continue to be that between the ruling classes in the hegemonic industrialized countries of the North and their partners and allies in Southern countries which are incorporated into this dominant world order, and the mass of peasants and workers in the latter countries with, as minor partners, the working (and unemployed) people in the North. The evolutions in the central accumulation of capital during recent years turn more clearly than ever before the majority of working people in South and North into victims of Capital.

The dependency of Russia, Eastern Europe and China on Northern capital and technology entails that the working people of the East also become increasingly subordinated to the requirements of central capital accumulation. It is not likely that Northern governments would ever frontally oppose the MNCs which have come to represent the very foundations of prosperity. It is difficult to predict how the needs of Northern ruling classes to protect the prevailing order (rooted in the protection and promotion of free use and concentration of property and capital) and a decline in acquired rights and conditions of livelihood by the working people, might foment popular movements to press for fundamental change. So far, the demands of the working people in the North have helped Capital to integrate them ever more into the prevailing capitalist order. Until recently, each round of demands was rewarded by the corporations with a wage increase, but this in turn was recompensed by Capital from a rise in prices, automation, and a shift of productive capital in order to disarm labour. It would seem that the point is being reached where the claim for a qualitatively diffe-

rent kind of society will no longer be the concern solely of a small minority, but the myth that the good life is due to the blessings of capitalism will break down for larger groups bringing with it an urgent need for a new lifestyle, preceded and accompanied by a major rise in political and social conflict.

The growing control by monopoly capitalism of the 'socialist' countries of the East is likely to aggravate the contradictions that exist there. This will stimulate further pressures not only for political, but also for economic and political democracy and basic human rights. In the South this process can only be expected to advance by the growth and expansion of national liberation movements which will operate as anti-imperialist socialist movements. In the past, such movements made major strides only because the ruling classes denied elementary freedoms and the basic right to livelihood to the majority population. These movements may not always receive the support of 'socialist' States which, from reasons of self-interest, may not wish the new socialist movements to succeed. The contradictions between old 'socialist' states, however, are likely always to create support for 'new' socialist states.

Can a socialist society flourish in a world system which is still dominated by the capitalist mode of production and profitability criteria? The absence of sufficiently strong countervailing forces against the rules dictated by the dominant world economy makes it difficult for socialist societies to withstand pressures that militate against production for use-value.⁶³ In no way is priority given to the needs of the world population for food and for other basic dimensions of livelihood. The criterion on which a socialist movement is

judged should be whether it furthers the growth of an economy geared to use-values, not only at home, but also in the world at large. In fact, these two points are indivisible.

The ruling classes in the capitalist countries and Russia, and the new leadership in China, appear to share the optimistic belief that unlimited development of science and technology will secure national superiority and strength and will also solve the problem of 'development'. This shared view leads to an ever-growing rivalry for power. The dynamics of this process become more and more ominous. The production of weapons with which to resolve the crisis in accumulation is growing rapidly, as is the quest for intensified militarization. In 1984, 32.5% of the American budget will be reserved for defence, i.e. 250 billion dollars, excluding intelligence and other service expenditures. In other words, every American family will have to pay \$4000 tax as a contribution to defence. At the same time, expenditures on education, health, housing and social security will sharply be reduced.

The cold war climate which the Reagan Administration is again creating seems to be a sign of decline in U.S. capacity to overcome the disintegration of the capitalist system. The threat of international terrorism and communism is once again used to secure support for a rapid step-up of advanced arms production and sales and to legitimize America's intervention. This serves as a cover under to secure continued control over raw materials in South America, the Middle East, Africa and Asia.⁶⁴ It may not be long before America, in the context of its new global counter-insurgency strategy, will step up the despatch of military advisers to Southeast Asia. The

present trend under the Reagan Administration and in particular under Secretary Haig is for re-Vietnamization.⁶⁵

The advent of democracy in the industrialized states has historically been closely connected with the transfer of surplus from the incorporated South, making it possible for the ruling class to meet the demands of the labouring class.⁶⁶ The new nature of monopoly capitalism is manifest in its capacity to discharge its self-made crisis not only in the South but also 'at home', by pressing for the restriction of social and economic rights acquired by the labouring classes in the process of industrialization. This ushers in a new situation in which the peoples of the South and North and East are drawn into the same struggle for survival and a new way of life.

NOTES

1. Alexandre Faire: Les Strategies de redploiement economique dans les pays occidentaux (presented at the Unitar Conference on the Future of Asia at New Delhi, March 1980).
2. Charles Levinson: Capital, Inflation and Multi-nationals (George Allen and Unwin, 1971).
3. Ernest Mandel: Late Capitalism (London, 1978), 377-407.
4. United Press International and Reuter, 8 September 1980.
5. R. Odell & K. Rosing: The Future of Oil (cited in a pre-review in De Volkskrant 6 September (a Dutch newspaper) about the hegemonic industrialized countries and the oil companies as sources of the 'crisis'. Geoffrey Barraclough: 'Wealth and Power, the Politics of Food and Oil', in The New York Review of Books, 7 August 1975; and Tad Szulc: The Energy Crisis (Franklin Watts, 1974).
6. David Horowitz (ed): Corporations and the Cold War (Monthly Review Press, New York, 1969). See also Arthur Macy Cox: 'The CIA Tragic Error', in New York Review of Books, 6 November 1980. Cox shows that a major argument used to legitimize the ever-increasing arms expenditure and the moves to block detente was the 'discovery' that the Soviet Union's expenditures on arms had doubled. Subsequently it became clear, however, that the Soviet Union's annual rate of increase of expenditure had not changed and that the proportion of GNP spent on defence (between 11 and 13%), rather than reflecting a doubling of expenditure, reflected in fact the relatively lower inefficiency of its production.

From an interview with Philip Smith, professor in experimental physics at the University of Groningen and a member of the Pugwash Conference, which held its annual meeting recently in Holland, in Hervormd Nederland [Reformed Holland], a Dutch protestant weekly; 3 September 1980):

Question: 'The Pugwash conference brings together physicists from East and West. Does this also have drawbacks?'

Answer: 'Yes, I regret that nothing is said about the fact that the armaments race is a question of business. An American corporation like General Dynamics earns billions with the sale of arms. When Kissinger comes to Brussels to warn Europe that the United States cannot protect it against a nuclear attack and that therefore Europe has itself to station nuclear weapons, he is nothing other than a vendor. The most important thing for him is to get new orders for the arms industry.'

On military expenditures by ASEAN see: 'Five fingers on the trigger' and 'The military shopping list grows' by Ho Kwon Pin and Cheong Hye in Far Eastern Economic Review, 24 October 1980. It appears that since Vietnam's unification in 1975, ASEAN countries have greatly increased their military expenditures: in 1980 they totalled 5.5 billion, a 45% increase over 1979 and almost double that of 1975. From 1978 to 1979, US military sales to Thailand jumped fourfold from US \$100 million to 400 million. Of Thailand's 1980 budget, more than 25% was allocated to defence and a large increase is planned for 1981. The Vietnamese threat serves as the main argument to justify the rise in these expenditures. As far as Thailand is concerned, there is clear evidence that the threat of foreign

agression has always served the ruling class to build up its defence against internal rebellion and insurgency. On the strategy of King Chulalongkorn, the founder of the Thai modern state; see Noel A. Battye: The Military Government and Society in Siam, 1868-1910. Politics and Military Reform during the reign of King Chulalongkorn (Ph.D. Thesis, Cornell, 1974).

On the 'Dynamic time-table' which the Chinese were alleged to have in 1950 to invade and bring Southeast Asia under control; and on the way this threat served to legitimize the Thai military government at the time and the American presence, see R. A. Darling: Thailand and the United States (Washington, 1965). It would seem that the Thai military government is now using the threat of a Vietnamese invasion in the same way as that of China in the 1950s.

7. Folker Fröbel, Jurgen Heinrichs and Otto Kreye: The New International Division of Labour (Cambridge University Press, 1980).
8. International Labour Office: Profiles of Rural Poverty (Geneva, 1979). According to a study published in August 1980 by the International Labour Office on eight African countries, increased control by a small minority over wealth has created enormous income differences which are likely to aggravate in the future. Six out of ten people are no longer able to meet their most basic needs (United Press International, 19 August 1980).
9. Joyce Kolko: America and the Crisis of World Capitalism (Boston, Beacon Press, 1974), 84, 85, 91.

10. Ibidem, 127-133 and Julia Jurana, 'Le Fonds Monétaire et les Banques Privées', Le Monde Diplomatique (Octobre 1977).
11. Emma Rothschild: 'Banks, the Politics of Debt', in The New York Review of Books, 24 June 1976. The capital brought in by foreign banks should not detract attention from their highly profitable operations in the countries concerned. South Korea may serve as an example. 'Despite their limited capital the three major American banks reap large profits and remit home twice or thrice their capital'. See 'Foreign Banks strike it rich, South Korea', Asia Finance (November - December 1976).
12. See the articles by Ho Kwon Ping: 'Thailand Inc., an open door to multinationals', and 'The World Bank blueprint for economic reform', Far Eastern Economic Review, 23 May 1980. See also Walden Bello: 'Development and Dictatorship: Marcos and the World Bank' in Logistics of Repression (published by the friends of the Philippino people, San Francisco, New York, 1977).
13. Mutu Ichiyo: 'The Free Trade Zone and Mystique of Exported Industrialization', Ampo, Japan-Asia Quarterly Review (Special Issue on Free Trade Zones and Industrialization in Asia. Tokyo, 1977).
14. Stefaan Marysse: 'The International Division of Labour', Gemeenschapopbouw (Tijdschrift voor Ontwikkelings-samenwerking; Community Construction, a Flemish Review for Development Cooperation: February 1980).
15. Joost Kuitenbrouwer: 'Some reflections on the Uses of Science and Technology in Indonesia' (Occasional Paper No. 72, Institute of Social Studies, The Hague, August 1979).

16. Giovanni Arrighi and John S. Saul: Essays on the Political Economy of Africa (Monthly Review Press, London, New York, 1973), 20. These authors point out that major constraints on the growth of internal demand are discretionary consumption, which creates demand from abroad or the modern sector, and the transfer of investment incomes abroad by corporations.
17. Cheryl Payer: 'The World Bank and the Small Farmer' (paper presented at the Forum organized by the Rome Declaration Group on the occasion of the FAO World Land Reform Conference in Rome, August 1979). Like many other studies, this does not analyze the rationale for the partial maintenance of pre-capitalist production relations. It is also rather 'moralizing' in that it does not take the inherent dynamics of the capitalist mode of production as its starting point of analysis. See also Joost Kuitenbrouwer: 'Class and State Formation in Papua New Guinea' (Occasional Paper No. 86, Institute of Social Studies, 1981).
18. James Petras: 'United States Policy toward Agrarian Reform', in Politics and Social Structure in Latin America (Monthly Review Press, London: New York, 1970). Joel Rocamora and David O'Connor: 'The United States, Land Reform and Rural Development in the Philippines', in Logics of Repression. Krurkiat Pipatseritham, Farmers and Land, Reform or Revolution (D. K. bookshop (in Thai), Bangkok, 1978). The 'Land Reform' in Thailand, in the 1960s was called by the Thai dictatorial military government a blessing to the peasantry. In actual fact it served as a major instrument in facilitating a process of land

- concentration and capitalist modernization, leading to a massive exodus of poor peasants, in line with the recommendations of the World Bank Report of the late 1950s.
19. Ichiyo: 'The Free Trade Zone'.
 20. Joost Kuitenbrouwer: 'Rural Transformation in China' (Occasional Paper No. 68, Institute of Social Studies, The Hague, January 1979).
 21. Francis Moore Lappe & Joseph Collins: Food First, Beyond the Myth of Scarcity (Boston, Houghton Mifflin, 1975).
 22. The Aid Debate: Assessing the Impact of U.S. Foreign Assistance and the World Bank (Institute of Food and Development Policy, San Francisco, California, January 1979).
 23. On 16 September 1980 the European Parliament debated a report by the Commission of the Parliament on Development and Cooperation on the hunger situation in the world. The proposals centered on support for self-provisioning food production. Claude Cheysson, the then European Commissioner in charge of development cooperation, pointed out that the Community is already doing much to solve the deteriorating situation (only two countries of the Community devote more than 0.7% of their GNP to development aid, of which a large part goes to support home industry. To underline his argument, M. Cheysson stated that 35 per cent of all exports by the South are to the Community, and only 18 per cent to the USA and 10 per cent to Japan. He argued that: 'In order to survive the developing countries have to export'. On other occasions, too, M. Cheysson made it clear that his major

concern was that 'developing' countries should create optimum conditions for export. This policy is precisely the major reason for the aggravation of mass hunger. The European Commission has made 17 billion guilders available for projects, to be executed by European firms over a period of five years. See also Susan George: Feeding the Few, Corporate Control of Food (Institute for Policy Studies, Washington, Amsterdam, undated), and Claude Meillassou et al: Qui se nourrit de la faim, le dossier politique de la faim au Sahel (Maspero, Paris, 1974). See also David Bonavia: 'The red ink on China's ledger', Far Eastern Economic Review, 5:11 (September 1980):

'A big problem this year is the poor grain harvest caused by droughts and floods in various parts of the country. Summer-harvested crops are down by more than 10% in many areas, the National People's Congress was told, while the Autumn harvest will probably fall short of last year's. A bad harvest is especially disappointing for the leadership in a year during which every effort has been made to raise peasant incomes and give farmers more freedom to decide what they grow. Undoubtedly the Party's attacks on Mao Zedong's policy of laying the main emphasis on grain production has had an effect, encouraging the peasants to grow more subsidiary food crops for industry and export, as well as for their own consumption and sale on the open market.'

24. Asian Agriculture Survey: Rural Asia, Challenge and Opportunity (Asian Development Bank, Manila, 1977). The findings of the Survey contain a radical critique of the agricultural modernization policies adopted

by governments during the last few decades. Its recommendations, however, are largely conventional. In view of its radical analysis, the survey was not endorsed by the Bank, whose Japanese President declared that the Bank would only 'review its policies in the light of the Survey's general recommendations'. These recommendations concern the need for profound institutional changes as a prerequisite for development. Recognition of such a need would indeed be wholly incompatible with the Bank's function as capitalist growth and export promotor. See Ho Kwon Ping: 'Asian agricultural decade in the wrong direction', in Far Eastern Economic Review, 15 September 1978, and Robert Wihtol: 'Asian Development Bank, Development Financing or Capitalist Export Promotion', in Journal of Contemporary Asia, Vol. 9, No. 3 (1979). The technocratic modernization approach which, in the survey, is denounced as the basic cause of failure of agricultural and rural development policies, is central to the 1977 report of the Trilateral Commission: Reducing Malnutrition in Developing Countries, increasing rice production in South and South East Asia. This report centres exclusively on measures to raise productivity by way of water control and inputs which would require large-scale capital aid. There is not one word about the relation between mass poverty and hunger and the pattern of assets and income distribution, or between the stagnation and decline in food production and export-oriented agriculture.

25. On 10 September 1980, the People's Congress approved the establishment of free tax zones in the areas

bordering Hong Kong and Macao and another to be shortly established in front of Taiwan. The departing premier, Hua Guo Feng, emphasized in his speech the need to create a flexible market and to make production respond to market demand. No attention was given to the problem of the growing under-utilization of labour and unemployment in the countryside, except for stringent guidelines to restrict population growth. Representatives from the hinterland will have to face a difficult time. The revolutionary elan has gone and has been discredited. The ideals of self-reliance, i.e. rely on your own force and keep it small, have gone. As a result of the 'separation' between Party and State, the Party will become even less accountable and will be less hindered by 'democracy from below'; see Daan Bronkhorst in De Volkskrant, 13 September 1980.

26. See Fröbel et. al: The New International Division of Labour, 365-387, for the impact of world market-oriented industrialization. See also Sheilah Ocampo: 'Changing the face of industry', in Far Eastern Economic Review, 5-11 September 1980: 'President Marcos' economic experts have put together a package of economic and financial reforms to galvanize the industrial sector, whose performance over the past years has been a constant source of disappointment if not embarrassment.... Industry Minister Roberto Ongpin's fundamental aim is to rationalize industry by rehabilitating moribund industries such as textiles and cement, gradually reducing protective tariffs, liberalizing import licensing, reviewing incentives to encourage exports... The measures follow the granting of a

World Bank Loan of 600 million dollars... designed to make industries more competitive by way of a reduction of the protective tariff walls to induce more competition... nine export processing zones are to be established... On June 30, outstanding external debt totalled more than 11 billion... the danger is that the projects for which the World Bank granted the loan of 600 million will plunge the country deeper into debt, since the total capital requirement will be no less than 6 billion dollars...'

27. On the question: 'What do you think the government should do to make the country attractive for foreign investors?' the President of the Japanese Chamber of Commerce in Bangkok answered: 'The main points we feel the government should tackle are: enforcement of law and order, labour unrest and rural insurgency'. Bangkok Post Supplement, 8 September 1976. This interview was given just a month before the military coup took place in Thailand which put an end to democratic rule. See also Kim Chang Soo: 'A new phase in the struggle for democratization in South Korea, Ampo, Vol. 12, No. 2 (1980); see also Marcel Barang: 'Les militaires et le pouvoir dans l'Asie des Confrontations', Le Monde Diplomatique (Fevrier 1975); James Petras: 'La mort du capitalisme democratique, l'Amerique Latine, Banc d'Essai d'un nouveau totalitarisme', Le Monde Diplomatique (Avril 1977) and Asbjorn Eide: 'Transfer of Arms to Third World Countries', International Social Science Journal, Vol. XXXIII, No. 2 (1976) on the use of armaments to combat internal unrest and insurgency.

28. Claude Meillassoux: 'From reproduction to production, a Marxist approach to anthropology', Economy and Society, Vol. 7, No. 1 (1972).
29. Wallerstein has stressed the economic functionality of the maintenance or introduction of pre-capitalist production relations in situations where these are, or would be, cheaper than wage labour. He gives no attention, however, to the instrumental value of these relations from the point of view of political stability. In that sense, their introduction or maintenance may rightly be viewed as one of the forms of 'primitive accumulation' which continually emerge to reproduce the conditions of capital accumulation, as Vergopoulos argues. In doing so, and like Wallerstein, Vergopoulos rejects the theory of stages as a strictly linear sequence of modes of production through time. Immanuel Wallerstein: The Capitalist World Economy (Cambridge, 1979), 288-291; and Kostas Vergopoulos: 'Capitalisme Difforme', La question paysanne et le capitalisme (Editions Anthropos-Idep, Paris 1974), 69-72.
30. Charles Bettelheim: 'Theoretical Comments' in Unequal Exchange by Arghiri Emmanuel (New York, Monthly Review Press, 1972).
31. 'Deputy Minister of Commerce, Prok Amranand, yesterday strongly blamed the United States for trying to force Thailand to freeze or reduce its import tariffs. He stated that the US demand was like "trying to extract blood from a prawn." The Thai Ambassador to the United Nations in Geneva reported that the US had been informed of Thailand's intention to become a member of GATT, but it insisted that Thailand make concessions by reducing tariffs or

- binding them on certain items of this country's import (Bangkok Post, 14 July 1978).
32. See Frobel et al. and G. K. Helleiner: 'Manufacturing for export, multinational firms and economic development', in World Development, Vol. 7, No. 7 (1973).
 33. See Marysse: 'The International Division of Labour'.
 34. The South Korean strategy of locating export factories in the countryside after the first rounds of urban location, not only served the economic functions of keeping wages rock-bottom because workers could provide part of their livelihood through agriculture, but also served a political function in that it facilitated the atomization of labour.
 35. The attack by authorities on the mass of small-scale marginal street vendors and hawkers and small transport entrepreneurs has often taken on ferocious forms, as for example, in Djakarta, Manila and Bangkok. Officially the campaigns for expulsion from city centres are supposed to serve the promotion of cleanliness and the creation of an 'appropriate' environment for tourists. In reality, they serve to promote capitalist modernization and the concentration of services in fewer hands.
 36. For a critical review of theories which have served to legitimize this form of agricultural modernization, see Richard Franke: 'Solution to the Asian Crisis: Green Revolution or Social Revolution', in Bulletin of Concerned Asian Scholars, Vol. 6 (1974).
 37. The main architect of American-promoted land reform in North, South and Southeast Asia, Wolf Ladejinsky, wrote: 'Many people wouldn't hesitate to approve of a revolutionary movement if it is the only way the

common man can secure his elementary wants. But we must realize how serious a threat an agrarian revolution could be at this point of history, even if the upheaval seems justified from that point of view. The only way to thwart communist design in Asia is to preclude such revolutionary outbursts through timely reforms, peacefully, before the peasants take the law into their own hands... Land and liberty has even been the ideal of all peasants. It is the American ideal...' Wolf Ladejnsky: 'Too late to save Asia?', written in 1950, in Louis Walinski (ed): Agrarian Reforms as an unfinished business (World Bank/Oxford University Press 1977). Wolf Ladejnsky was a profound believer in the ideal of 'the free world'. He did not foresee how the growth of dependent capitalism and of corporate agri-business would require the growth of dictatorial regimes, the destruction of food self-sufficiency, and the impoverishment of the majority of the peasantry. His ideal of the 'free farmer' reflected his view of world society as composed of 19th century American farmers.

38. Al McCoy: 'Land Reform as counter Revolution', in Bulletin of Concerned Asian Scholars Vol. 3, No. 1 (Winter/Spring, 1971).
39. United States food imported into South Korea allowed the government to establish a cheap food policy, under-cutting the Korean farmers, many of whom were squeezed out of the market. Together with more than 13 billion dollars in direct economic and security assistance, this served to establish a cheap base for American export-oriented corporations in South Korea. See: The Aid Debate, 8.

- Between 1962 and 1972, Taiwan received five billion dollars in grants alone (Kolko: America and the Crisis of World Capitalism, 126).
40. For many years Taiwan was advertized by FAO as the example to follow. After its expulsion from United Nations, this role was given to South Korea. Numerous seminars were organized for high-ranking rural development officials of countries in Southeast Asia and elsewhere. The main question dealt with at these seminars was how to accelerate agricultural growth and efficiency. Thus, the ground was prepared for penetration of the agricultural modernization strategy and for agribusiness in other countries of the region.
 41. Nishikawa Jun of the Department of Political Economy of Waseda University in Tokyo speaks of the boomerang effect of the overseas investments of the Zaibatsu. As a result of the rapid increase of imports, many small and middle-scale enterprises are hit. At the same time, the position of the zaibatsu at home vis-à-vis the unions and the consumers is strengthened, 'The Strategy of Japanese Multinationals and South East Asia' (paper, International Conference of Alternative Strategies and the Future of Asia, organized by UNITAR, New Delhi, March 1980). See also Jon Halliday: 'Recession, Revolution and Metropolis-Periphery Relations in East Asia with special reference to Japan', The Journal of Contemporary Asia, Vol. 7, No. 3 (1977).
 42. Charles Levinson: Vodka Cola (London, Gordon & Cremonesi, 1980).

43. On Thailand, see Frobel et.al., 342. On Indonesia, see Jan Breman, 'The Javanese Village and the Early Colonial State' (Paper No. 09, Comparative Asian Studies Programme, Social Science Faculty, Erasmus University, Rotterdam, undated).
44. Nguyen Khac Vien: 'Confucianism and Marxism', Tradition and Revolution in Vietnam (Indo-China Resource Center, Washington, 1974).
45. The perception of the individuals as actors wholly independent of society, and of society as an aggregate of equal independent individuals each with their own properties and choices, was the foundation of classical and neo-classical equilibrium theory based on the market place as the self-regulating mechanism of society. For an analysis of the genesis and development of this ideology in the social sciences, the fiction of which is pervasively popularized by the modern mass media, see Norbert Elias in his introduction to his study Über den Prozess der Zivilisation, Soziogenetische und Psychogenetische Untersuchungen (Bern and Munchen, 1969) and Karl Polanyi: 'The Economistic Fallacy', Review, Vol. 1, No. 1 (published by the Fernand Braudel Center for the Study of Economies, Historical Systems and Civilizations, 1977). One particular application of equilibrium theory can be found in the target group approach of the World Bank. In its project operations 'the poor' or the 'poorest' are proposed as 'targets' for assistance and inputs without dealing with the contradictions in social and production relations in which these target groups are involved with other groups and which produce and reproduce the conditions and

- mechanisms which make and keep them poor and which may aggravate their situation.
46. Such an approach frequently leads economists to lament the ignorance or mistakes of the World Bank, planners and technocrats. See the review by Kate Short of Ingrid Palmer's study: 'The Indonesian Economy Since 1965, a Case Study of Political Economy', in Journal of Contemporary Asia, Vol. 10, No. 3 (1980). Compare the analysis of the relationship between the evolution of the class structure and foreign corporations in Indonesia by Michael Kalecki in his essay 'Intermediate regimes', in The Last Phase of the Transformation of Capitalism (New York, Monthly Review Press, 1972).
 47. For a review of the effects of capitalist industrial and agricultural modernization and of the implications of self-reliant development strategy, see Joost Kuitenbrouwer: 'Premises and Implications of a Unified Approach to development analysis and planning' (United Nations Economic and Social Commission, Bangkok, Thailand, 1976).
 48. E. F. Schumacher: 'Industrialization Through Intermediate Technology', in Developing the Third World, edited by Ronald Robinson (London, 1971).
 49. In spite of his originality, this approach is strongly present in the idealistic views of Ivan Illich. It is suggested by the very name of his study Tools for Conviviality (London, Calder and Boyars, 1973). For a more extensive discussion of the issue of science and technology, see Joost Kuitenbrouwer: 'Science and Technology, for or against the people', (Occasional Paper, No. 49, Institute of Social Studies, The Hague, 1975).

50. Theodor Adorno: 'Spatkapitalismus oder Industriegesellschaft', in Verhandlungen des 16. ten Deutschen Soziologentags (Stuttgart, 1969).
51. Marx in Grundrisse, quoted by Ernest Mandel: Late Capitalism (London 1975) 249.
52. Henri Levebre: 'Reflexions sur le structuralisme et l'histoire', Au-de-la du Structuralisme (Paris, 1971).
53. See Georges Corm: 'Saper l'ideologie du Developpement', Le Monde Diplomatique (April 1978) and 'Les Firmes Multinationales et l'Acces du Tiers Monde a la Technologie Moderne', Le Monde Diplomatique (Novembre 1978).
54. See Rudi Dutschke: Versuch Lenin auf die Fusse zu stellen, uber die Halb-aziatische und Europaische Produktionsweise (Wagenbach, 1974) and Charles Bettelheim: Les Lutttes de classes en URSS, 1917-1923 (Seuil Maspero, 1974).
55. Franco Ferrarotti: An Alternative Sociology (New York, Irvington Publishers, 1979); see the Introduction.
56. Kuitenbrouwer: 'Premisses and Implications', 33.
57. Paul Piccone: 'Gramsci's Marxism, beyond Lenin and Togliatti', Theory and Society (Winter 1976).
58. Mao Tse-tung: 'On the ten great relationships', in Mao Tse-tung Unrehearsed, Talks and letters: 1956-1971 edited by Stuart Schram (Pelican Books, 1974).
59. Maurice Dobb: An essay on Economic Growth and Planning (London, Routledge and Kegan Paul, 1960), quoted by Shigeru Ishikawa in: 'A note on the choice of technology in China', in Journal of Development Studies (October 1972).

60. See for Thailand, Chattip Natsupha and Suthy Prasartset (eds): The Political Economy of Siam, 1851-1910 (The Social Science Association of Thailand, Bangkok, 1979), 23-26. For the more recent period, see G. W. Skinner: Chinese society in Thailand (Cornell, 1957), 360 and Fred Riggs: The Modernization of Bureaucratic Polity (Honolulu, 1966), 251-254. For an in-depth analysis of the position of the Chinese in Indonesia, see Yoe-Sioe Liem: Die Ethnische Minorität der Überseechinezten im Entwicklungsprozess Indonesiens (The overseas Chinese as an ethnic minority in Indonesia's Development Process; Breitenbach Publishing House, Saarbrücken, 1980). The most recent program against the Chinese in Middle Java at the end of 1980, had the support of the Indonesian Army which provided trucks with military escort to the youths which roamed several towns in middle Java, assaulted the Chinese, and engaged in large-scale destruction of their properties. Yet it is the Indonesian Army which at all levels has closely supported the Chinese in their exploitative operations, or at least has tacitly consented to it in exchange for compensation in the form of tea-money or a share in the operations of trade and business.
61. Contrary to the Chinese, the Thai Communist Party continues to identify the Bangkok regime and American imperialism as the main enemies of the Thai people. On the other hand, the Thai Communist Party has supported the Chinese view, both in theory and practice, that another principal enemy of Thailand is Vietnam. By taking this line, it also indirectly supports the close cooperation

between the Chinese, American and Thai governments in providing support to the forces of Pol Pot. There is plenty of evidence of this cooperation and of the responsibility of the Thai government in provoking conflicts at the Kampuchean border by supporting, with Chinese and American help, the Pol Pot and extreme-right Kampuchean forces which operate from Thailand under the protection of the Thai army. More recently, pressures have been growing from within the Thai Communist Party and among a broad spectre of intellectuals, associated directly or indirectly with the liberation movement, to the effect that a more independent line by the Communist Party is called for. This goes together with a call to abandon the authoritarian style of leadership in the Party and to rely more on the practice of democracy, which is closely linked to the need felt by young radical intellectuals to re-orient the strategy of the liberation movement. A major discussion is whether Thailand should be seen as a semi-feudal, sem-colonial country, or whether the far-reaching penetration of capitalism in urban industry and in the countryside justifies qualifying Thai society as semi-colonial and semi-capitalist. This change in perspective calls for the formation of a broad-based national democratic front and for the integration of political mobilization in the countryside with that of workers and intellectuals in the urban centres. For an analysis of the recent history and evaluation of the Communist Party and the contradictions which characterize it, see Paul Petit Jean: 'L'evolution des Partis Communistes Thai et Philippin', Imprecor (September

1980). See also Noporn Suwanpanich & Kraisaak Choonhavan: 'The Communist Party of Thailand and Conflict in Indochina' (paper presented at the Seminar on Vietnam, Indochina and South East Asia into the 1980s, Institute of Social Studies, The Hague 1980).

61. Matichon (Thai liberal daily newspaper, USA edition) 26 October 1980. Under the heading 'Vietnamese invasion into Thailand', it observes that 'Suddenly, without any prelude, almost every newspaper in Bangkok carried headlines suggesting that Vietnam will invade Thailand and that it has set the date of the invasion in late December this year. Usually only rightist newspapers carry such news but this time all major newspapers in Bangkok contained it. Should we take it seriously or not? The news was started by the director of the information office of the Supreme Army Command... Thai intelligence sources suggest that within the Vietnamese Army there would be serious splits and that South Vietnamese soldiers would have revolted. Also the economic situation would have deteriorated. All these conditions should have led the Vietnamese to change their strategy and draw people's attention away from Vietnam's internal problems by invading Thailand.' Matichon observes that this kind of news is government propaganda, and hints that it may do more harm than good to the cause of Thailand. For a brilliant review of anti-Vietnamese positions by the Thai ruling class over the past centuries, see Thadeaus Flood's 'The Vietnamese Refugees in Thailand: Minority Manipulation in Counter-insurgency', in Bulletin of Concerned Asian Scholars, Vol. 9, No. 3 (July-September 1977).

63. Wallerstein: Capitalist World Economy, 245, 273.
64. From an interview with Peter Weiss, Chairman of the Board of Trustees of the Institute of Policy Studies, and with Marcus Raskin, author of 'The Federal Budget and Social Reconstruction' and 'The Politics of National Security', report of a conference at the Trans-National Institute of Amsterdam in March 1981 (de Groene Amsterdammer, a radical Dutch Weekly, 1 April 1981).
65. Michael T. Klare: 'Une Nouvelle Doctrine de contre-insurrection, l'Amerique Forte face au Tiers Monde', in Le Monde Diplomatique (Avril 1981).
66. E. J. Hobsbawm: The Age of Capital 1848-1875 (London, Weidenfeld and Nicolson, 1975). See particularly his review of the political consequences of the great boom.