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PEOPLES OF ASIA AND AFRICA

No 1, January-February 1988

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18070085b Moscow NARODY AZII I AFRIKI in Russian No 1, Jan-Feb 88 p 218

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Opportunities for Increased Trade With African Countries Weighed

18070085c Moscow NARODYY AZII I AFRIKI in Russian No 1, Jan-Feb 88 pp 3-12

[Article by V.N. Burmistrov: "USSR-Africa: Certain Aspects of Trade and Economic Cooperation"]

[Text] A new type of international political and foreign economic relations—relations between socialist and developing states based on the parties' complete equality, mutual respect for national sovereignty and mutual benefit—has in recent decades become a part of world practice. The development of the fraternal relations of the socialist community countries, of the Soviet Union primarily, with many African countries and the increase in disinterested assistance to the young states have not, of course, entailed a fundamental reformation of the goals and nature of imperialism's relations with the "third world". At the same time the logic of the development of world political and economic relations brought about by the struggle of the two social systems is naturally summoning into being more progressive forms of the organization of international relations.

The USSR's trade and economic cooperation with African countries occupies an important place in the overall complex of Soviet-African relations.

The policy of the strengthening and development of trade and economic ties to African countries is based not on some opportunist considerations but on the high-minded position of the CPSU and the Soviet Government, which aspire to a broadening of all-around cooperation with the developing countries of Asia, Africa and Latin America.

The new version of the CPSU Program adopted by the 27th CPSU Congress points out that "the CPSU supports the just struggle of Asian, African and Latin American countries against imperialism and the oppression of the transnational monopolies, for affirmation of the sovereign right to dispose of their own resources, for a restructuring of international relations on an equal, democratic basis, for the creation of a new international economic order and for deliverance from the debt slavery imposed by the imperialists." And, further: "The party considers as its international duty support for the struggle of the peoples which are still under the yoke of racism and victims of the apartheid system" (1).

Taking the principles adduced above as the basis, the Soviet Union's trade and economic relations with countries of the African continent have in a comparatively short period of history enjoyed considerable development. In 1960 the Soviet Union had trade relations with 22 of the 25 independent African states at that time, and the total commodity turnover with them amounted to approximately R300 million. In subsequent years the Soviet Union's foreign trade with African countries (in millions of rubles) developed quite dynamically (2):

	1963	1965	1970	1975	1980	1985	1986
Commodity turnover	370	520	1,005	1,440	1,927	3,219	2,603
Exports	200	296	522	575	896	1,336	1,020
Imports	671	224	483	865	1,031	1,883	1,583

Currently the Soviet Union maintains foreign trade ties to practically all independent African countries, except for South Africa, with which, guided by the principles of its foreign policy and also UN Security Council decisions, it has neither political nor trade and economic relations.

Great attention is paid to a strengthening of the treaty and legal basis of trade relations. At the present time the USSR has 40 intergovernmental trade agreements with countries of the continent, which determine the fundamental principles of the practice of foreign trade relations with each of these countries. The last of the said agreements was concluded on 20 May 1987 with a "frontline state"—Botswana. There are Soviet foreign trade offices in 31 countries; 10 of these offices are empowered to do business in a further 15 African states on a plural basis.

The terms of bilateral trade relations between the USSR and African countries are being upgraded constantly with regard for the changing socioeconomic situation in the partner-countries and the development of their economy and export potential. At the same time there has been practically no change in the basic principles: the parties' mutual conferment of most-favored-nation status, the use in reciprocal trade of the main world market prices and payment for reciprocally supplied commodities in freely convertible currency. Only Egypt and Somalia, payments in respect of foreign trade with which are made on a clearing account basis, are exceptions. The use in bilateral trade with African countries of the enumerated principles imparts to it great dynamism and flexibility, making it possible to promptly incorporate in reciprocal trade any commodities of interest to the corresponding exporting or importing firms and organizations of both parties.

The Soviet Union takes into consideration the specific conditions and interests of its African trading partners to the maximum extent. Thus in connection with the established practice of mutual relations many African countries maintain trade relations with other developing countries on the basis of favorable terms, preferences and such. Taking these terms into consideration, the Soviet Union stipulates specially in the trade agreements which it concludes with African countries that no privileges and concessions which may be accorded neighboring African and other developing countries on the basis of special preference agreements will extend to Soviet foreign trade organizations.

As noted above, the USSR's commodity turnover with African countries in 1986 constituted approximately R2.6 billion. This sum was distributed far from evenly among the Soviet Union's African partners. Thus just six countries—Libya, Egypt, Algeria, Ethiopia, Angola and Morocco—account for more than three-fourths of the USSR's foreign trade turnover with all countries of the continent (table).

USSR's Foreign Trade With the Main African Countries (Rubles, Millions)

	Commodity turnover	Exports	Imports
Libya	730.6	35.2	695.4
Egypt	531.8	263.6	268.2
Algeria	327.8	88.4	239.8
Ethiopia	182.3	153.1	29.2
Angola	158.2	154.9	3.3
Morocco	118.1	65.6	52.5
Nigeria	109.4	99.9	9.5
Guinea	87	35.9	51.1
Mozambique	59.6	57.9	1.7
Ghana	55.8	1	54.8

Source: "USSR Foreign Trade. Statistical Reference, 1987".

The trade structure of the USSR's foreign trade with African countries is highly diverse and is shaped with regard for the parties' objective socioeconomic requirements and possibilities.

The need to fulfill broad-based programs of the development of various spheres of national production and infrastructures gives rise to the need for the supply of many types of industrial commodities, transport and communications facilities and mining and other types of equipment occupying the predominant position in the structure of Soviet exports to the majority of African countries.

Thus machinery, equipment and means of transport accounted in 1986 for more than 70 percent of total Soviet exports to Libya and Angola, for almost 85 percent to Guinea, approximately 35 percent to Egypt and Mozambique and so forth. For African countries as a whole, however, supplies of machinery and equipment accounted in 1986 for approximately 30 percent of USSR exports. An extensive list of modern machinery and equipment, including batched equipment for the creation of various industrial facilities installed on the basis of government or commercial credit with the assistance of Soviet planning and construction organizations, is supplied to countries of the continent from the Soviet Union.

Soviet aircraft and helicopters, passenger automobiles and trucks, tractors, combines and other agricultural equipment, various kinds of metal-working and wood-processing machine tools, electrical equipment, production equipment and instruments, home electrical and radio equipment and such are operated successfully in many African countries.

The Soviet Union takes account of the difficult economic situation of African countries and their acute lack of national resources for financing economic development programs, and for this reason Soviet equipment is supplied to African countries on highly favorable commercial terms: deferred payment, the timeframe of which is determined following agreement between the parties, proceeding from the type of machinery and equipment supplied, the extent of the purchase and other conditions, is granted, as a rule.

Supplies to African countries of machinery and equipment are accompanied by wide-ranging assistance on the part of Soviet exporters in the organization of a national system of maintenance and operation of the supplied equipment. Maintenance centers are set up in the countries, national personnel for servicing, operating and repairing equipment are trained both in the Soviet Union and in African countries, Soviet specialists are sent out to assist in the matters enumerated and so forth.

However, evaluating the extent of the supplies of Soviet machinery and equipment to the African market as a whole, it has to be noted that the proportion of these supplies in the African countries' total imports of of machinery, equipment and means of transport is very small and has in recent years constituted 4-5 percent. Proceeding from this information, it may be concluded that Soviet suppliers of machinery and engineering commodities are as yet making insufficient use of the potentialities of such a vast market as the developing countries of the region in question. In this connection the directions of the technical progress of both the traditional and new sectors of production in these countries are being determined not by Soviet technology and equipment but by supplies of technology and machinery from Western countries, which account for the bulk of the imported equipment—more than 90 percent. There are many reasons for this, but the main one is the fact that Western industrial and commercial firms became firmly ensconced on the markets of African countries back in the colonial period and that these countries took both the first and subsequent steps along the path of industrialization on the basis of Western equipment and Western standards and systems of measures. Engineering and technical personnel of African countries were trained in Western countries, as a rule, or with the use of Western teachers and teaching aids.

A change in the sources of the equipment supplies in a number of sectors could be very painful and involve big capital outlays, particularly in the former British colonies. Different standards (frequency and phasal nature) of electrical equipment, the inch system of measures and other differences make highly complex a transition to equipment and instruments manufactured in accordance with Soviet standards.

At the same time, despite these objective difficulties, there are many opportunities for a significant increase in supplies of Soviet equipment. However, to be successful Soviet equipment suppliers will have to upgrade the organization of the system of maintenance of the supplied equipment and supplies of spares and improve the system of the training of national personnel operating the Soviet equipment.

A no less important factor impeding Soviet organizations' movement toward the African market is currency control of imports on the part of Western capital. This control has assumed the most unconcealed forms in African countries incorporated in the French franc zone—France's former colonies of Benin, Ivory Coast, Niger, Senegal, Togo, Gabon, Cameroon, Chad and others. In accordance with existing agreements, these countries—of the "franc zone"—are obliged to transfer from 65 to 80 percent of currency earnings from their exports to a centralized fund under the auspices of the French treasury, which carefully controls the expenditure of foreign currency on imports by each state and essentially determines its geographical focus, proceeding, naturally, primarily from the interests of French capital.

Reflecting the process of the industrialization of many African countries, there is a systematic extension of the list of Soviet exports to Africa of other industrial commodities: oil and other energy sources, chemical commodities, a variety of industrial raw materials and construction materials and so forth. African countries' purchases in the USSR of mineral fertilizers, medicines and medical equipment, food and various social amenity commodities are serving to strengthen other sectors of the economy and also accomplish many social tasks.

The Soviet Union's imports from African countries are growing consistently both in terms of physical volume and product mix, and the import structure reflects, what is more, both singularities of the economic development of countries of the continent and their natural and climatic conditions. The Soviet Union purchases on a regular basis in African countries products of the extractive sectors of industry, semimanufactures and tropical plant-growing products needed by the national economy and also consumer goods. Oil and petroleum products (Libya, Algeria, Ethiopia), ores and metal concentrates (Guinea, Mozambique, Angola), fertilizer (Tunisia, Morocco), blocks of valuable varieties of wood (Cameroon, Congo, Ivory Coast) and consumer goods: furniture, ready-to-wear clothing, perfumery and such (Egypt, Zambia) and also cirtus fruit (Egypt, Morocco, Tunisia and others), cocoa beans (Ghana, Cameroon, Ivory Coast, Nigeria), coffee (Madagascar, Ethiopia), oil seeds, cotton and other traditional African export commodities are imported in significant quantities.

Currently supplies from African countries cater for over 90 percent of the Soviet Union's imports of wood blocks of tropical species, more than 50 percent of bauxites, over 60 percent of cocoa beans and cocoa products, 50 percent of manganese ore, more than 44 percent of imports of citrus fruit for freely convertible currency and so forth.

As the manufacturing sectors of industry of African states take shape and develop, Soviet foreign trade organizations are reacting promptly to the evolution of their export structure and accommodating proposals concerning the purchase of commodities with a higher degree of processing. For the purpose of assisting the growth of the exports of developing countries, African included, back in 1965 the Soviet Union exempted fully from import duties commodities imported from these countries.

The Soviet Union's foreign trade policy in respect of states of the African continent is constructed with regard for the specific sociopolitical conditions taking shape in each country and the social structure of the national economy. Thus in countries in which the state participates actively in the development and strengthening of the national economy and foreign economic relations Soviet foreign trade organizations are cooperating successfully with the public sector on the basis of mutual interest, contributing by supplies of equipment, industrial raw material, food and other commodities to the consolidation of the public sector of the national economy. Trade cooperation with the public sector of Libya, Algeria, Ethiopia, Egypt and other countries is developing very effectively and at a sound pace.

Given the presence in the countries' economic structure of a private sector involved in foreign economic relations, foreign trade turnover with the Soviet Union is formed with the participation of firms and organizations belonging to private capital. A pronounced share of the commodity turnover with the Soviet Union is held, for example, by the private sector of Egypt. Thus the UNIMEG association of private companies annually supplies the USSR with various chemical commodities, essential oils and perfumes and purchases many types of equipment, agricultural equipment and spares. The commodity turnover of Soviet foreign trade organizations with this association alone amounts to more than R120 million a year.

At the same time it should be noted that Soviet foreign trade organizations are as yet insufficiently oriented toward cooperation with the private sector of the economy of African countries, although the positions of private capital have for a number of both internal and external reasons strengthened considerably in recent years in many countries in which the main direction of economic development had previously been planned predominantly via the utmost strengthening of the public sector. The main external factor of this trend are the recommendations of the IMF and the World Bank pertaining to a structural reorganization of the national economy. Within the framework of these recommendations there has been an appreciable cutback in the public sector and a process of the reprivatization of both individual enterprises and whole sectors of the economy, and private capital is becoming involved increasingly actively in the production and financial spheres of the region's economy. Thus, for example, of the 63 public and mixed companies in Senegal, more than one-half are scheduled to be or have been liquidated or transferred to private capital, only 7 companies remain in the public sector in Mali at the present time and so forth. Similar trends are being noted not only in countries which are a part of the system of the international capitalist division of labor—Zaire, Togo and others—but also in a number of countries of a socialist orientation. Taking heed of the instructions of the IMF in respect of a "liberalization" of the economy, in the Republic of Guinea the government has been forced to abandon government control of the development of a number of sectors of the economy and agree to a strengthening of the role of private enterprise. Tanzania also has been forced to accept conditions pertaining to a "liberalization" of the economy.

Under these conditions the private firms and enterprises are in need for the organization of national production of increasingly large amounts of investment commodities: machinery, equipment, construction materials and means of transport and also many types of industrial raw material, semimanufactures and energy sources. Additional opportunities for an expansion of trade and economic relations with the countries of the region on a commercial basis are opening up.

However, the process of the strengthening of the private sector and, consequently, a certain expansion of the domestic market of African countries is as yet being taken into consideration insufficiently in the practical work of the Soviet Union's foreign trade organizations, which are concentrating their main attention, in accordance with tradition, on relations with African countries' state-run organizations. This direction is of a larger scale, of course, and is assured, what is more, of government support and guarantees to this extent or the other, and, consequently, reciprocal commodity turnover takes shape incomparably more easily than reciprocal supplies via the private sector, where painstaking organizational, commercial and advertising work with mid-sized, small and even tiny private African firms is required. The difficulties of working with small firms are caused by the fact that the requests are, as a rule, for small consignments of goods, in connection with which problems of the shipment and handling of small-consignment freight arise and also, which is no less important, small firms have great difficulty solving questions of providing payment guarantees by dependable commercial banks.

All these difficulties to a certain extent explain, but by no means justify the insufficient attention on the part of Soviet foreign trade organizations to the requests of private African firms and companies.

Considering the fact that the trend of a strengthening of the positions of private capital in the economy of many African countries is evidently irreversible in the immediate future, it is necessary to make more extensive use of the potentialities of this sector both in the sphere of imports and its export potential. Under these conditions the position of the USSR's foreign trade organizations should obviously be more flexible and mindful of the actual conditions of work in each country and with each specific firm.

The creation of regional warehouses on a consignment basis could be a possible way of overcoming the inadequate commercial efficiency of small-consignment supplies to private firms. The warehouses could be organized with the participation of private national capital in free zones of African ports with good transport communications with neighboring countries. It would be possible via these consignment warehouses to assure regular supplies both on the territory of the host country and to adjacent countries of commodities of interest to the private sector: certain types of industrial and agricultural equipment, means of transport, raw material commodities, industrial durables, consumer goods and such.

Plan principles of the development of domestic economic life have been introduced increasingly extensively in countries of the African continent in recent years. The governments of many countries are approving and implementing 3-5-year socioeconomic development plans. Under these conditions particular significance is attached to the constantly developing process of the transfer of Soviet-African foreign trade to a long-term basis by way of coordination of a reciprocal commodity turnover program. This affords the African countries, as the Soviet Union also, an opportunity to plan certain industries and exports and also consumption and imports on a long-term basis. Such bilateral commodity turnover development programs up to 1990 have been agreed with Ethiopia, Moazambique, Algeria, Libya, Tunisia and Morocco, and a protocol on reciprocal supplies in the period 1987-1989 has been signed with Sudan. In a number of cases the plans for the development of trade ties have been incorporated as an integral part in general long-term programs of economic, trade and S&T cooperation regulating foreign economic relations with, for example, Angola, Algeria, Libya, Mozambique and Ethiopia.

Besides the development of traditional forms of commodity turnover, the Soviet Union's foreign trade organizations are actively seeking new ways and means of developing trade and economic relations with African states. Inasmuch as the latter have substantial foreign debts and difficulties connected with the payment for imports in freely convertible currency, commodity exchange deals are being applied increasingly extensively in foreign trade practice. Mention was made earlier of such a deal with the UNIMEG consortium (Egypt). Barter deals with Madagascar, on the basis of which Soviet foreign trade organizations supply this republic with automobiles and spares for aviation and automotive equipment in exchange for supplies of Madagascar cloves for a sum total of R3.5 million, are being implemented. A contract has been concluded with Tunisia for the purchase of olive oil in exchange for Soviet equipment and so forth. Negotiations are being conducted also with a number of private firms and state-owned organizations of Ghana (supplies of beans in exchange for machinery, equipment, fertilizer and such), Morocco, Tunisia, Sudan and others on the conclusion of barter agreements. These agreements afford an opportunity for involving additional quantities and groups of commodities in reciprocal commodity turnover on a non-currency basis.

A most promising form of the Soviet Union's trade and economic cooperation with developing countries of the African continent is the creation of industrial facilities on a compensation basis. The construction and operation of the bauxite-mining works in Guinea are a striking example of this direction of mutually profitable cooperation. Built with the economic assistance of the USSR, this enterprise has strengthened considerably both the production base of the national economy and the country's export resources. In addition, there has been an appreciable increase in the employment of the local population in the industrial sector of the economy. In accordance with the terms of the agreement signed between the "Raznoimport" All-Union Foreign Trade Association and the Guinean Prominex state-run organization, the Soviet side undertook to purchase over a period of 30 years up to 90 percent of the recoverable quantity of bauxites, and payment of the official credit granted by the Soviet Union for the construction and subsequent modernization of the works will be made in bauxite supplies, what is more. The entire volume of the recoverable bauxites will be divided in the following proportion: 50 will be supplied to the Soviet Union to pay for the official credit and 40 percent will be supplied on commercial terms and 10 percent will remain at the disposal of the Guinean side for sale on other markets. The price of the bauxites supplied to the Soviet Union will be determined on the basis of the world price. Throughout the period of the works' operation the Soviet Union had been supplied up to 1987 with almost 28.5 million tons of bauxites for a sum total of approximately R280 million, of which the currency proceeds of the Guinean side constituted more than R166 million, which have been used for purchases of equipment and spares for the maintenance of the works and also for the acquisition of other types of industrial and consumer goods and foodstuffs.

The possibilities of Soviet-African cooperation both in industry and in agricultural production are being studied also. Plans for the creation of joint cooperatives and enterprises to cultivate coffee, dress minerals, and assemble motor vehicles, tractors and other types of equipment and so forth are being examined.

At the same time, analyzing the current state of trade and economic relations between the Soviet Union and African countries as a whole, it has to be concluded that both the extent and nature thereof far from correspond to the level of mutual political relations and also the economic potential of the parties. This may be seen particularly distinctly from the following indicators: the USSR's share of the foreign trade turnover of the African continent (excluding South Africa) constitutes little more than 3 percent (1986), and the Soviet Union's share of African countries' imports, what is more, approximately 3.6 percent, and of their exports, approximately 2.6 percent. The African countries' share of the USSR's commodity turnover is even less: approximately 2.1 percent, including 1.1 percent of exports and about 1.6 percent of imports.

The prospects of an extension and development of the Soviet Union's trade and economic relations with African countries are conditioned by a number of political, economic and currency-finance problems.

Concerning the economic prerequisites of the development of mutually profitable cooperation, they undoubtedly exist. Many African countries have adopted large-scale plans of the development of industry, agriculture, transport and communications and the development of natural resources and in respect of other directions of economic building. Inasmuch as the level of development of engineering in African countries is extremely low, the realization of these plans brings about a need for these countries to import modern technology, various types of production and construction equipment and so forth.

The Soviet Union could with its highly developed industry and diversified agriculture satisfy to a considerable extent African countries' need for energy sources, machinery and equipment and construction materials for development of industry and the infrastructure; equipment, fertilizers and other commodities for agriculture; consumer goods, medicines, household appliances and so forth for the fulfillment of their plans of social and cultural development.

Africa has very great economic potential. The countries of the continent have significant and, in a number of cases, unique reserves of minerals, unique opportunities for tropical plant growing and fishing, developing industrial potential, particularly in the extractive sectors, and, finally, big labor resources—Africa's population constitutes approximately 550 million. The African countries annually supply to the world market more than 200 million tons of oil and petroleum products, more than 1 million tons of copper, 12 million tons of bauxites, approximately 22 million tons of phosphates and 700,000 tons of phosphate fertilizer, more than 5 million cubic meters of wood of tropical species, coffee, cocoa beans, citrus and other commodities.

The vast market of the Soviet Union could afford African countries opportunities for the sale of a large part of their export resources. Bauxites and phosphate fertilizers, cotton and cotton cloth, hides, cocoa, coffee, wood of valuable varieties and other commodities of the traditional and nontraditional exports of the countries of the continent could be in constant demand in the USSR.

The practical realization of the enumerated potential economic opportunities for the development of commodity turnover will depend, naturally, on the specific socioeconomic conditions taking shape in each African country. For the group of African states with a relatively developed economy: Egypt, Algeria, Zimbabwe and certain others the sphere of mutually profitable trade cooperation with the Soviet Union is undoubtedly considerably broader than for the wider circle of countries which are as yet only just embarking on the solution of problems of industrialization and other tasks of national development.

However, in any event, the economic prerequisites of the development of Soviet-Afghan relations cannot be realized without the creation of the necessary propitious political conditions for trade cooperation.

As far as the Soviet Union is concerned, the development of economic cooperation with developing countries is, as mentioned above, a most important component of its foreign policy. The "Guidelines of the USSR's Economic and Social Development in 1986-1990 and for the Period up to the Year 2000" set the long-term task of "extending cooperation with the developing countries. Assisting them in the construction of industrial and power facilities, the development of transport, the mechanization of agriculture and irrigation of the land, geological prospecting for reserves of mineral raw material and fuel and the training of national personnel and in other spheres, contributing to the involvement in production of the natural wealth and an increase in commodity resources in these countries, the formation and development of their national economy and movement along the path of independence and progress. Continuing the consistent realization of concerted long-term programs of trade, economic and S&T relations with these countries" (3).

Soviet foreign trade organizations are building their relations with firms and organizations of African countries in accordance with these principles.

The measures adopted by the CPSU Central Committee and the USSR Council of Ministers aimed at an improvement of the management of the Soviet Union's foreign economic relations have introduced fundamentally new aspects to the formation of Soviet trade and economic relations with African countries. It should be mentioned primarily that as of 1 January 1987 some 22 ministries and 76 production enterprises acquired the right to move independently onto the foreign market. There is a considerable increase in this connection in the role of Soviet overseas foreign trade offices in the shaping of the USSR's foreign trade policy in a given country and a given region, in the operational control of its implementation and in the elaboration of long-term concepts of the development of trade and economic relations with the host country. This work was performed earlier also, but has become increasingly more complex in connection with the movement of many additional Soviet firms and organizations onto the African countries' market.

However, a further extension of Soviet-African trade and economic cooperation will depend, of course, not only on the political will and action of the Soviet Union. It will also depend to a considerable extent on the readiness of the governments of African states to create the political conditions which contribute to the development and strengthening of Soviet-African ties in the economic and other spheres.

It has to be noted that this process is advancing with considerable difficulties caused by a number of factors of both an objective and subjective nature. There is a number of factors to whose impact all countries of the continent are subject to a greater or lesser extent. It should be mentioned primarily that the volume, nature and choice of geographical direction of African countries' trade and economic relations are greatly and, in a number of cases, decisively influenced by their huge foreign debt to Western capitalist countries. Appreciable trade ($7.1 billion in 1986) and balance of payments deficits are forcing practically all African countries to mold their foreign trade policy with an eye to the acute need for the strict regulation of imports and the utmost development of export resources, channeling the bulk of currency receipts into the servicing of the foreign debt.

Taking advantage of this financial dependence, the IMF and the World Bank are actively interfering both in the elaboration and implementation of internal socioeconomic reforms and in the formation and practical realization of the foreign trade policy of African states. A most important demand of the fund and the bank for the "improvement" of the economic structures of the developing, including African, countries in the sphere of foreign trade and capital investments is the adoption of measures for the creation of an "open economy" (open, naturally, primarily for imports and direct investments from the capitalist countries). The lifting or, at a minimum, appreciable easing of all forms of government control of imports are recommended also. At the same time the adoption of internal controls and customs and financial instructions and laws preventing or hampering the development of trade and economic relations with the Soviet Union and other socialist countries is being stimulated.

An important instrument of the pursuit of a neocolonial policy under current conditions on the African continent is also the industrial and commercial capital of Western countries and the TNC occupying strong positions in the economy of many African countries.

The TNC control most important sectors of the economy of many African countries, causing them huge financial losses. The profit and dividends which the TNC are pumping out of African countries considerably exceed the influx of new investments, which is intensifying even more the critical state of the balance of payments of the host countries. The situation is made worse by the fact that African countries are heavily dependent on the former metropoles in the sphere of the sale of their export products and the entire marketing system. At the current stage the TNC control approximately one-half of the developing countries' export-import transactions, and their share of raw material trade amounts to 70-80 percent, what is more.

Naturally, the activity of the TNC is contributing to the retention of the countries of the continent within the framework of the capitalist market and impeding appreciably the development of Soviet-African trade and economic relations. Having established themselves in the industrial and commercial sectors, the TNC have practically monopolized the supply to the domestic market of African countries of both machinery and equipment and consumer goods.

Trading and brokerage companies with the participation of Western capital are also actively impeding the work of Soviet foreign trade organizations on the markets of African countries. Taking as a basis the profound and long experience of work on these markets going back in a number of cases to colonial times even, they have a firm hold on the entire trade and distribution network of the local market and also, via TNC affiliates, influence the use of company credit. In the sphere of the export of raw material (both mineral and agricultural) the domination of the TNC in international trade is making extremely difficult and in many cases practically precluding access of African countries' products to the USSR without their mediation. The cocoa bean market, for example, is dominated by three TNC, which to a considerable extent dictate to the producer countries their terms for the purchase and sale of these products. As a result of this policy importing cocoa beans into the USSR from African countries directly, bypassing the London Stock Market, is extremely complicated.

Soviet foreign trade organizations, which moved onto the markets of African countries considerably later than their Western competitors, have to overcome the negative influence of these powerful forces of trade expansion supplemented in a number of cases by the opposition of the corrupt stratum of national administration. Naturally, the outcome of this competitive struggle and, consequently, the prospects of the further development of the Soviet Union's trade and economic relations with this African country or the other will depend to a large extent on the position of the government of this country in the determination of priorities in the sphere of trade and economic relations.

Obviously, the state of the economy of African countries will force them in coming years to rely to an even greater extent than previously on their own economic and financial resources. No less obvious also is the fact that the role of foreign economic relations, particularly those which are based on the principles of complete equality and mutual benefit, for the needs of economic development will undoubtedly grow. To proceed merely from these objective realities, it may be assumed that not only will trade and economic cooperation between African countries gain new impetus, palpable changes are possible in their foreign trade with the Soviet Union also.

Footnotes

1. "Material of the 27th CPSU Congress," Moscow, 1986, p 175.

2. "USSR Foreign Trade. Statistical Reference," Moscow (for the corresponding years).

3. "Material of the 27th CPSU Congress," p 328.

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Changing Features of Capitalist Development in 'Third World'

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[Article by V.L. Sheynis: "Levels and Modalities of the Formation of the Capitalist Production Mode in Developing Countries"]

[Text] The debate concerning the fate of capitalism on the periphery of the world capitalist economy (WCE), which has been under way in Soviet scientific literature since the 1970s, has gained new impetus recently and has begun to move onto a different plane. When the debate began, the question was posed mainly thus: can capitalism overcome multistructure and if not achieve the formational phase of development, become, in any event, the predominant production mode. Granted all the differences and nuances in reasoning, the answer given to this question was, as a rule, negative (1). The inertia of this approach continues today also to a certain extent. It has taken but a short time, however, for it to be seen how rapidly capitalist and quasi-capitalist forms of production, distribution, exchange and consumption have been filling up the proscenium of economic life in many (although not all) not only Latin American but also Afro-Asian countries. This process occurred at a high rate in the 1970s and has not been halted by the economic crisis of the 1980s.

Capitalism in many developing countries was long regarded as a structure of economic life introduced from outside (the world market, foreign capital) and implanted from above (state capitalism). The impact of these factors largely determines the situation today also. But they have now come to be joined increasingly actively by a further factor, which will be decisive, probably, in the future. The objective process of the decomposition of subsistence relationships, the expansion of the market and the growth of small-scale commodity production into the lowest forms of capitalist production, and of these latter, into intermediate forms forming unusual mediastina with the upper "stories" of the economy and the growth of "local" capitalism not only in the city but also in the countryside has in many countries evidently become irreversible (2). This, perhaps, is the main change which has occurred in the last 15-20 years in countries in which the majority of the developing world's population is concentrated. And although it has as yet far from encompassed the entire system of social reproduction, the shoots of capitalist relationships (and not apical formations, which existed earlier also) are ceasing to be (or seen as) secondary and stagnant components of the macroeconomic structure. The set of contradictions of the backward economy and the conflict between the centers and the periphery of world capitalism are acquiring qualitatively new features.

The question, consequently, is no longer whether insurmountable hurdles, a "barrier of underdevelopment" and so forth stand in the way of capitalism in the developing countries but what kind of capitalism is becoming established in the economy and society of these countries, what is the combination and sequence of its forms, elements and economic mechanisms, how is it correlated with the economic and social system of the states which marched in the early echelons of capitalist development, what levels it has reached and in what versions it is represented in different countries of the "third world". A different approach to the general problems of capitalist development on the periphery of the WCE to the one which was predominant previously has appeared in the Soviet scientific press (3). Without repeating what we have said earlier, we shall attempt in this article to link an analysis of general questions with the problems of the differentiation of developing countries and the growing changes in the structure of the nonsocialist world as a whole.

I

Considerable attention is paid in Soviet and foreign literature to the differentiation and typology of the developing countries. Scholars' attention has been attracted predominantly to the differentiation of the developing countries in terms of the level of their general economic development (with the inclusion, usually, of a number of social characteristics). Possibilities of the mobilization of a broad range of statistical indicators and their mathematical processing, current-basis monitoring of on-going changes and the general (and not sample) envelopment of the developing countries (or the bulk thereof), the pragmatic value of the results obtained—all this has consolidated for this criterion the paramount role in typological constructions (4).

This analysis, however, records more the results than the driving forces and deep-lying causes of the dissimilar socioeconomic transformation of different countries. The tempting idea of studying the differentiation of the developing countries per qualitative characteristics has been advanced in scientific literature and remains on the agenda. The question amounts in one way or another to the problem of differences in the nature and pace of formational development (5) or—narrowing the formulation—the formation of the new production mode. Classification alternatives on this basis have been proposed in the works of Soviet scholars (6).

In tackling this task the scholar may not proceed along proven paths. Classifications based on general criteria of economic and social development and widely used indicators cannot be simply projected onto a formational typology of the "third world". The level of development of capitalism as a production mode and, even more, a formation does not lend itself to uniform measurement and is predominantly a qualitative category incorporating characteristics of various levels not reducible to a common quantitative foundation.

Nor can the comparative maturity (or immaturity) of capitalism here be represented by the phases of the classical model (manufactory capitalism and free-competition, monopoly and state-monopoly capitalism) inasmuch as the forms inherent therein arise and develop in parallel and not consecutively, and the former change of phases is evidently not reproducible. The phase of free competition traversed in Europe back in the 19th century has, as such, been "skipped" here, but this by no means signifies that capitalism may take shape as a social system "in circumvention" of such components of the economic mechanism, modified by modern conditions, but by no means removed, as the market, competitive struggle, average profit, cost of production and capitalist rent freed from earlier extraneous features. These components of "decentralized" capitalism are under current conditions getting over the entire area of the WCE, in its inmost recesses included, a "second wind," as it were. At the same time the presence in a number of developing countries of components of the highest forms of capitalism, individual, although occupying strong economic positions: modern monopolies, a powerful state-capitalist sector, a state mechanism of the redistribution of a significant amount of national income and the far-advanced internationalization of production capital does not yet testify to the emergence here of capitalism at the levels which in the classical model it is customary to define as monopoly and state-monopoly.

Capitalism in the "third world" is developing extremely unevenly (7). Differences in level cannot be described with the enlistment of some one characteristic or, even more, indicator since the relative lag in one direction may frequently be compensated by "surges" in others and so forth.

Three main criteria are made the basis of the classification proposed below, the purpose of which is by way of a first approximation to characterize the differentiation of developing countries from the viewpoint of the levels and modalities of the formation of the capitalist production mode:

correlation of the capitalist and precapitalist structures in production and employment;

correlation of the different "phasal" forms of capitalism, the level of their integration and also the degree of maturity that has been reached of capitalist production and circulation and socio-class formations, bourgeois and others summoned into being by the requirements of modern society;

depth and forms of incorporation in world production, financial and other economic relations, which in tendency express a transition from colonial to new forms of the division of labor corresponding to the modern structure of world productive forces and provide for a certain "modernization" and capitalist leveling of the participation of a number of developing countries in the WCE.

It needs to be considered that at each of these provisionally distinguished directions of evolution there is not a wall between development and underdevelopment but a multitude of transitional levels.

Employing these criteria, the capitalistically oriented developing countries may provisionally be placed on three levels or floors—upper, middle and lower—and within them a number of modalities may be distinguished (8).

II

In countries which have attained the *upper floor* (in the developing world since within the framework of the entire WCE this is, at best, the middle level) capitalism is a structure which has formed a system and production mode which has become firmly established on a general economic scale. The existence in many of them of more or less ample traditional and intermediate sectors, the preservation of precapitalist forms of exploitation (frequently appearing in symbiotic combinations with capitalist exploitation) and differences in the scale and forms of state participation in the economy should not obscure the main thing: precapitalist economic and social structures have been forced back to the periphery of the national economy here and exert no appreciable influence, economic, in any event, on its further evolution.

In the capitalist sector proper substantial and, in certain instances, predominant positions have been occupied by industrial, financial and servicing enterprises employing modern forms of technology and organization. State, foreign and local private capital have formed more or less integrated systems, in which, as a rule, all three components are represented, and, what is more, local capital can no longer be interpreted as a negligible value. The economic activity of the state in these countries may with the greatest justification be characterized as state-capitalist in content.

Countries of the upper floor are firmly "built into" the WCE and their capitalist structures occupy therein a dependent and subordinate position and are frequently highly vulnerable, but at the same time they possess relatively diverse opportunities, more than underdeveloped countries with single-commodity specialization, for compensating for difficulties which arise and tackling development problems, penetrating not only the lowest but also the middle (and sometimes the highest) stories of the international division of labor and assimilating modern types of production and capitalist organization. In addition, the incorporation of foreign capital in local economic life and the interest of important subdivisions thereof in the development of the domestic market or the successful movement onto the foreign market of commodities and services produced and rendered with its direct or indirect participation in the country of investment are relatively higher also.

The majority of these countries has a comparatively lengthy "historical record" (a factor whose independent significance is not always adequately evaluated) and/or high dynamism of capitalist development. The following are the most characteristic modalities within this general type.

1. Countries in which capitalist and state-capitalist forms have beendistinctly predominant not only in production of the GDP but in employment for a long time. Capitalism has in this time thoroughly reshaped the types of production which preceded it and practically superseded the subsistence economy, but has been unable, by virtue of a number of socio-historical factors, to establish the highest forms of economic organization on a national economic scale and occupy privileged positions in the WCE, as was the case in such migrant colonies as Canada, Australia and New Zealand.

The most typical examples of such countries are Argentina and Uruguay, which have been unable to accomplish a "surge to the top," although at the start of the 20th century they really possessed certain preconditions for this and were markedly superior in terms of a number of important economic and social indicators to the majority of European countries.

2. Countries with important economic and demographic potential in which the capitalist structures, which have developed dynamically in the postwar period, have not only occupied an undisputably predominant position in the production of the GDP but also achieved a high level of technological, economic and organizational maturity. These are primarily Brazil and Mexico, "key countries" and "competitors" of the imperialist centers, per V.V. Volskiy's classification (9), although other Latin American and Asian countries could pull up to them in time. Whole sectors (and not only individual enterprises), which play a strategic part in the national economy and perform important integrating functions (and do not represent therein isolated enclaves), are furnished with modern equipment and technology. Substantial—both absolutely and relatively—S&T potential has been created. These countries' development plans are putting the emphasis on the continued technological reequipment of production and its approximation to world standards.

The sectoral concentration of production has reached a high level—by the yardsticks not only of the developing but also developed states, European, in any event. Local monopolies, private and state-owned, comparable in terms of scale of economic activity, function alongside foreign capital and TNC affiliates. Monopolization here is encompassing the domestic market, which is growing rapidly in breadth and in depth and which has achieved a certain critical mass not only potentially but actually.

The economy of the countries of this group, which is comprehensively incorporated in world-economic relations, revealed under the blows of the economic crisis of the start of the 1980's a serious vulnerability: hitherto dynamic economic growth came to a sudden halt, the debt crisis assumed acute forms, structural disproportions were manifested painfully, parasitic growths were clearly apparent and so forth. However, the further development of events testifies that the crisis was not an impasse but the starting point for a reorganization of the evolved economic and social structures.

3. Countries of relatively younger capitalism. It is a question primarily of four countries and territories of East Asia: Singapore, Hong Kong, Taiwan and South Korea, whose dynamic development (and active participation in the international division of labor) is based mainly on the assimilation of modern high-technology industries. A flexible economic mechanism reacting quite sensitively to changes in world production and trade has been created on this basis in only 15-20 years. Foreign and local capitalism has assimilated primarily in these countries the export sector (including exports of services), which has played a strategic part in the bourgeois transformation of the economy of these countries. Inasmuch as the formation of modern industry began here in the 1960s-1970s practically from scratch and the economic and social prerequisites of industrialization were by that time, by virtue of a number of historical circumstances, in a high degree of maturity, highly competitive sectors organically inscribed in the arterial directions of world S&T development were created in a short time. Their product has either rapidly occupied (and to a considerable extent shaped also) constantly expanding markets of new production and consumer commodities (from electronics and powerful offshore drilling rigs through medicinal agents and new model toys) or represented sectors reorganized on the basis of modern production engineering processes (steel, shipbuilding, textile and so forth) (10). In terms of the composition of exports (including technically intricate products and services) the countries of this group have approached or drawn level even with developed capitalist states of a similar size. A modernized sectoral structure, the high production engineering level and comparatively low costs of production, the relatively flexible adaptation to changeable conditions of the markets of developed countries and the combination of developed forms of the economic organization of capitalism and the socio-cultural characteristics of the local workforce, which has proven highly adaptive to modern production, permitted the majority of East Asian industrializing countries to live through the world economic crisis of the 1980s less painfully: the decline in the growth rate here was, as a rule, less profound and prolonged, the debt payments even where indebtedness had assumed significant proportions (South Korea) did not develop into a difficult national economic problem and so forth.

An important feature of the countries and territories of this group is the emphatic predominance of capitalism (and also the small-scale commodity businesses, which are wholly incorporated in the capitalist reproduction system) in all departments both in production and in employment. The precapitalist periphery has economically been comprehensively reshaped either owing to the primordially "urban" settlement and employment pattern (Singapore and Hong Kong) or as a consequence of the fact that the economic system of the countryside, which underwent far-advanced denaturalization back in the colonial period and as a consequence of the relatively profound postwar reforms and a vigorous policy of the bourgeois modernization of the agrarian sector, evolved rapidly in a commodity-capitalist direction (Taiwan and South Korea). In all four countries and territories a relatively intensive transition from the lowest to higher forms of capitalist enterprise, in the agriculture of Taiwan and South Korea, where production has been concentrated on both an individual and cooperative basis, included, has been observed. At the same time, however, the rapid development of modern sectors of industry and services, labor-intensive included, and not only in the city but in rural localities also, what is more, has made it possible to absorb manpower released from traditional production on a greater scale and in less painful forms than has been the case in the majority of other developing countries; pauperization processes in city and village have assumed smaller proportions here.

The economic and social conditions in which the "takeoff" of the "Asian four" occurred were largely of an exceptional nature; the situation in the world capitalist economy conducive to it has changed considerably. For this reason the key question: to what extent is their path of capitalist modernization reproducible by other developing countries (specifically, Malaysia, Thailand and the Philippines, which are approaching them in certain technological and economic parameters of the modern sector and in terms of specialization in the international division of labor, but which are burdened with a considerably more extensive and less commercialized precapitalist periphery) remains open. Analogous processes will unfold most intensively, evidently, in the countries which manage to create an export sector which is highly adaptive to the changing conditions of the world market and is based on modern technology and which is at the same time integrated with sufficient depth in the national economy.

4. A specific version of capitalist evolution is demonstrated by the small and tiny countries located mainly in the Pacific and the Caribbean (the Bermudas and Bahamas, Barbados, the Dutch Antilles, Martinique and others). The economy is being restructured here directly within the framework of the world capitalist economy, bypassing the formation of national reproduction mechanisms. Many of them preserve colonial status and essentially represent a continuation of the economic area of the metropolis. Infrastructural facilities serving international commerce or the military-strategic needs of the United States, France and Britain, tourist complexes and the "service industry" adapted to them, world-class credit institutions sheltered in specially created "tax havens" here and sometimes simply regular subsidies from the metropolis injected in this form or the other into the economy of the colonial possessions (France's "overseas departments and territories" are a typical example) have become, separately or in some combinations, a kind of flywheel, whose rotation has in a comparatively short time led to the capitalist transformation of a small economy, whose very dimensions predetermined the faint persistence and plasticity of the traditional structures pulled into the modernization process.

Simple attachment to the performance of a partial (frequently highlyrational) function in the international division of labor, the hypertrophy of one sector (or enterprise even) and the exclusive position of foreign capital not balanced by imposing local forces determine, of course, the extreme degree of "substandardness" of such economic areas. Capitalist transformation here, as in dwarf European states of similar size: Monaco, Liechtenstein, Andorra or San Marino, may progress quite far without securing economic sovereignty.

However unimportant the relative significance of this group of countries in the economy of the "third world" (11), their version of capitalist development is of considerable interest. There are many states and territories with a population of less than 500,000 at all levels in the developing world. There are even more countries with a population of 2-5 million inhabitants. The "right to survival" of relatively independent national economies oriented predominantly toward the domestic market will probably increase in line with the development and further internationalization of the world productive forces. The supplanting of precapitalist forms and the development of capitalist structures in a considerable number of countries of the "third world" will evidently consolidate their position as direct components of the WCE which will not become isolated in national and economic complexes.

III

The bulk of the population of the "third world" is concentrated in countries located on the *middle floor.* The conglomerate of quite heterogeneous modalities is united mainly by their intermediate position between countries in which the capitalist production mode has already occupied the predominant position in the system of social reproduction and the most backward "third world" countries, in which capitalism is represented by more or less isolated enclaves. Located between them are different regional geography varieties of "special-type capitalism" functioning in a dual, bourgeois-traditionalist (or still multimode) economic structure. Some of its structural characteristics are described by the image suggested by G.K. Shirokov of "an outer casing of capitalist production relations" enveloping a socioeconomically two-sector economy (12). The "outer casing" sets the general development trend, specifically involving subsistence production and commodity relations and transforming commodity relations of the precapitalist type into bourgeois commodity relations. But the two sectors are based on different technological production modes and economic organization. Although capitalism both "from above" and "from below" has developed quite intensively in recent decades in the majority of middle-level countries, the new production relations have not penetrated as yet quite significant tracts of the traditional economy.

Private-capitalist and state economic structures usually have a decisive preponderance in production of the GDP and are considerably inferior to the traditional structures in the sphere of employment. The sharp discrepancy in the structures of production and employment is a principal characteristic of the "third world" as a whole (13), and expressed particularly graphically in countries of this type. This is the main social "defect" of their capitalism.

Unusual patterns are taking shape within the capitalist sector also. The lower, transitional forms therein have a significant role, as a rule, and their reproduction potential, particularly where the decomposition of the precapitalist structures has occurred at a rapid pace, is great.

But more pertinent is the fact that the socioeconomic ambivalence of the state structure is expressed more sharply here than in countries in which a capitalist production mode has already taken shape. The special type of capitalism is determined, we believe, not only by the dualism of the entire macroeconomic system (modern-traditional sectors) but the dual structure of the modern sector itself (state-private capital), in which the economic nature of the state component cannot unequivocally be interpreted as state capitalism.

It represents state capitalism to the extent and insofar as the main vector of development (toward capitalism as an integral system) has been defined and it itself is speeding up this development. It represents not only state capitalism (or, in any event, "special-type" state capitalism) inasmuch as its functions, socioeconomic nature and forms even are under the impact not only of bourgeois and pro-bourgeois but also other, noncapitalist elements which are very imposing in the economy and society. In other words, the social nature of the state sector is determined not only by its functions associated with the establishment of private-economic capitalism but also the need to ensure the survival of large masses of the population employed in the traditional sector, the specific interests of quite populous state socialism (etakraticheskiye) groups and to a certain extent with the tasks which it tackles in the interests of the developing society as a whole.

On the middle floor capitalism is represented by a particularly large number of versions which are very remote from one another. Some of them may be designated as follows.

1. The unique model of Indian capitalism, predominantly on the material of which Soviet orientalists elaborated the invariant dual model and investigated disintegration at different levels of the socioeconomic hierarchy (14).

The development of capitalism, which had been taking place here over a long period, led in certain sectors to a high concentration of production and capitalism and the creation of relatively important and stable national private-capitalist monopoly-type structures. Studies of recent years have shown that the consolidation of the capitalist nucleus of the economy is occurring intensively and that "the dualism of large-scale and small-scale production within the private-capitalist structure is disappearing" (15). The relatively high level of formation of this nucleus together with imposing absolute parameters of modern capitalist production are leading sometimes to a reassessment of the overall level of development of Indian capitalism and quite bold forecasts to the effect that India is together with certain other countries already reaching the "starting positions" for "subsequent rapid development" inasmuch as the "modernization of the nucleus of the economy" is to entail the "accelerated quantitative growth" of national income and "the modernization on this basis of other backward structures of the economy" (16). A more cautious assessment of the future would seem preferable to us, however, inasmuch as, truly, the highly developed nucleus is opposed here by colossal traditional areas, whose transformation is a difficult, sometimes agonizing and, in any event, slow process. Their socioeconomic inertia will evidently be a most important factor of the situation for a long time to come.

The depth of the socioeconomic bifurcation and the existence of a multimillion-strong army of marginals (according to certain estimates, it numbered 130 million persons or 54 percent of actual labor resources at the start of the 1970s) (17) are not only impeding the growth of modern capitalist production but also entailing a serious risk of social cataclysms. It has to be emphasized, however, that despite the periodic acute outbursts of violence, India has represented—considering the vast dimensions of the country, the depth of socioeconomic contrasts and the degree of ethnic and religious disintegration—a comparatively stable and balanced version of both economic and social development. It not only has not fallen apart but has relatively successfully modernized the upper "stories" of its economy, supporting the existence of hundreds of millions of people on the lower stories and preserving forms of the parliamentary and party-political organization of state life. In this sense its experience is not universal but almost unique in the developing world.

Works on India show the exceptionally important place which belongs in its economy to the economic activity of the state and the diversified state sector, within whose framework the key conditions of general economic progress have taken shape (specifically, the production infrastructure, the base sectors of industry and developed S&T potential). But it is no less important to emphasize that the state has made extensive use of various forms of support of precapitalist structures in industry and agriculture and expanded the sphere of employment beyond the limits which the private-capitalist sector could support, and in the state sector or given its indirect participation important social functions of a redistribution of national income not only "from the bottom up" but also "from the top down" have been exercised. It is sufficient to observe that the income at the disposal of the poorest one-third of the country's population has covered only one-third of their consumer spending; the shortfall is made good to asignificant extent thanks to redistribution of income from the capitalist economy (18).

Nor does any of this afford an opportunity for interpreting the socioeconomic nature and role of the state sector and the economic function of the state exclusively as state capitalism. This applies to India to a greater extent than other developing countries. The "mutual complementariness" and growing integration of the private-capitalist and state sectors are not in doubt, but proceeding in parallel is a kind of coupling of the "lower" (precapitalist) and "upper" (state) economic and social structures effected "over the head" of private-economic capitalism and at its expense to a certain extent.

A most characteristic feature of the path which has been trodden by Indian capitalism in the period of independence is the clearly expressed predominant orientation toward the domestic market, the creation of a diversified national economic complex in the true meaning of this word, protectionism in respect of national enterprise and a consistent policy of restricting the influx of foreign capital in all forms and its localization in certain sectors. This policy has been determined not only by the correlation of social forces and the political choice of the leadership, which has maintained stability and continuity, in the main, but also by objective conditions lacking in other developing countries: the substantial economic and cultural potential which India possessed by the time of independence and the very size of the country.

All the more deserving of attention is the shift which came to light in the mid-1980s and which has not yet become fully defined, possibly, in respect of two cardinal distinguishing features of the Indian version of socioeconomic development. First, there was a certain shifting of emphasis from the state to the private-capitalist sector as the agent of development: a lessening of its regulation, the extension of a variety of privileges, tax cuts, limitation of the range of antimonopoly rules and so forth. Second, a set of measures largely "exposing" the Indian economy to the outside, facilitating the attraction of foreign capital to the science-intensive sectors, liberalizing imports of capital and technology and so forth has been outlined. In our view, this manifests the effect of objective conditions exerting a leveling influence on capitalist development in the "third world" and lopping off the most aberrant features of the extreme versions. The change of political leader merely accelerated in India an objective process. The future will show how profound and comprehensive this trend is.

2. Countries whose capitalist development began comparatively recently and was based predominantly on their incorporation in the WCE along the lines of supplies of raw material, demand for which on the world market was for a long time expanding and which at times exceeded supply. This version was represented most distinctly by "petroleum capitalism". The "golden rain" which fell here secured a doubling of the aggregate GDP of nine Near East and African countries (Saudia Arabia, the UAE, Kuwait, Libya, Gabon and others) both in the 1950's and in the 1960s and an almost threefold growth in the 1970s (19).

Colossal income predominantly of a rent nature given a relatively small population and strict forms of social control from above provided for a certain "surge" in capital accumulation. Gross investments in the fixed capital of the six oil-exporting countries of the Middle East in 1980 constituted more than $66 billion; they were in excess of 40 percent of their total GDP in 1970 and the entire GDP in 1960 (20). The oil revenue could only partially be accommodated in the national economy. A comparison of the adduced sum total of capital investments with the value of the OPEC countries' overseas assets accumulated by this time and invested predominantly in banks and securities of Western states is indicative—$450 billion and with an annual income in the form of interest and dividends of $30 billion (21). Thus in the 1970s the main states of this group had become important components of the world capitalist credit and finance system. The bottleneck of their capitalist development was the lack not of capital but technology and skilled manpower, which was made good thanks to imports of both.

The capitalist structures taking shape in the countries of this group are exceptionally unusual. First, following the nationalization of the property of foreign oil companies, the predominant positions in the key sectors of production and credit were occupied in the majority of them by the state structure, the social exponent of which preserves both in terms of genesis and forms of societal organization distinctly expressed feudal and traditionalist features. The state and the state sector of these countries are a characteristic example of symbiotic formations in which modern forms are not only supplanting and modernizing archaic relations but are themselves to a certain extent "becoming polluted" and being used to preserve the power and privileges of the old ruling classes (22). Second, a capital-exporting profile of these countries has in the system of world relations begun to take shape: the exports of capital and other financial resources are channeled on a substantial scale not only to the West but to the developing countries also. In some of them (Egypt, Jordan and others) these flows became an important stimulant both of pronounced general economic growth in the 1970s and the development of local capitalism. Third, the rapidly developing "petroleum capitalism" demonstrated specific forms of interaction with the traditional sector. In the relatively wealthy small (Kuwait, the UAE, Qatar and others) and medium-sized (Saudi Arabia) countries it became involved in capitalist transformation mainly through the sphere of distribution (redistribution of national income, in the course of which the local traditional strata became in this form or the other beneficiaries of the state) and consumption, which in a number of cases was taken to a relatively high level of socialization (free education, health care and so forth). In bigger countries, on the other hand (Iran), the masses of producers from the traditional sector were subjected to accelerated marginalization, which served as a principal source of social explosion.

The new situation which began to take shape on the world energy market as of 1982-1983 (the excess of supply over demand and a rapid fall in prices, which in 1986 acquired avalanche velocity) largely predetermined the further evolution of "petroleum capitalism". The exceptional role in the world economy of the "oil factor," which had secured for the countries which had been able to avail themselves of it abundant material and financial resources—a nutrient medium for the formation of local capitalism—is evidently played out. This means primarily that this version of development for new countries, particularly populous ones which had gambled decisively in economic strategy on "oil injections," is practically closed. But stratification has appeared even within the nucleus of the oil group.

The economic situation which has taken shape in Kuwait, Saudi Arabia, the UAE and certain other countries should be dramatized least of all. Although the fall in production here in the 1980s has been significant and the ambitious plans for the creation of strong centers of manufacturing industry have remained unrealized, a certain autonomization of general economic growth from the oil production level has been observed. Thus oil production in Saudi Arabia in 1980-1984 declined 52.7 percent, but GDP, 2.8 percent, in the UAE, 32.5 and 7.3 percent respectively, in Kuwait, 30 and 17.5 percent (23). As can be seen, quite imposing areas of economic activity, mainly in the servicing sphere, capable of compensating to a certain extent for the losses from the fall in the production and refining of oil and ensuring the material base for further capitalist transformation have taken shape here. The huge financial resources accumulated earlier are forming a kind of development insurance fund, and the proportion of personal consumption in the GDP, which usually reacts most sensitively to reduced production, constituted by the start of the 1980's no more than 17-32 percent (24).

The capitalist development of Iran continues, albeit in markedly changed conditions and forms. Its material base, which even earlier was less abundant than in the Arabian monarchies, has narrowed. Although the GDP at the start of the 1980s was increasing quite rapidly here (more than 7 percent per annum if you believe official statistics), this was regenerating growth, which even in 1984 had led only to 90 percent of the maximum indicator achieved in 1977 (25). What is even more important, the consumption of national resources has become even less rational than in the shah's time: the accumulation norm has fallen, and huge resources and national energy are being swallowed up by the protracted war with Iraq.

There has been a change in the social subject directing development: the monarchical state, which underwent a certain modernization and Westernization in the course of the "revolution from the top," gave way to a theocracy ideologically oriented toward medieval tenets and "Islamic values". The main component of Iran's economic structure—the state sector—has found itself within its undivided power. The apical stratum of the shah's bureaucratic and the "new" bourgeoisie, which had occupied monopoly positions, enjoyed legal and illegal privileges and which had evoked the anger of the destitute masses, was expunged from the economic (as, equally, the political) life of the country. This together with the social policy of the "Islamic regime" expanded somewhat the field of activity for the comparatively broad stratum of tiny, small and middle businessmen. There has apparently been somewhat of an increase in the scope and greater diversity in the forms of official charity in respect of the marginal strata.

Nonetheless, however fierce was the attack on the shah's version of capitalist transformation, the "third way" has revealed its illusory nature once again: the odd socioeconomic hybrid which has emerged in Iran since 1979 is evolving, despite the complete change of political and ideological decorations, at all levels of the economic system in the same direction as hitherto, albeit with certain modifications. Merely the place and quality of its traditionalist component have changed.

Let us dwell briefly on a further two, intrinsically more heterogeneous, modalities of capitalist structures on the middle floor of the developing world.

3. Big and medium-sized countries (the Philippines, Thailand, Pakistan, Indonesia, Nigeria, Egypt and others) whose capitalist development began mainly "in circumvention" of the populous traditional structures, being oriented to a considerable extent toward the external market. But in tendency local capitalism has begun increasingly to assimilate and shape the domestic market. A growth of "local" national enterprise, whose role is no longer insignificant, has begun accordingly. This entire development is based, as a rule, on a quite strong state socioeconomic subsystem, around which the consolidation of national capitalism is taking place and via which the attraction, on a quite large scale at times, of foreign capital is brokered. In the private-capitalist sector, more or less significant positions in which belong to foreign capital, usually associated in various forms with local capital, the arrival at a comparatively high level of technology and economic organization has been achieved (or is being accomplished), but its stability will depend to a decisive extent on the commodity structure and conditions of access to the world market on the one hand and the complex situation in the national economy and society, in which a significant proportion belongs to precapitalist structures, on the other.

4. Medium-sized and small countries of the predominantly enclave development of capitalism in Central and South America (Guatemala, El Salvador, the Dominican Republic, Paraguay, Bolivia and others), North and Sub-Saharan Africa (Tunisia, Morocco, Ivory Coast, Kenya and others), the Near East (Jordan), South Asia (Sri Lanka) and so forth. The local economic field is being developed here by foreign capital to a considerable extent (usually with the participation of the state) functioning mainly in the traditional "colonial" sectors: the mineral and raw material and plantation economy, the production infrastructure, brokerage trade and so forth. However, as of the latter half of the 1970s this group also began to advance the second and third generation of "new industrial states" with rapidly increased industrial exports (26) and to surround foreign enterprise, which is

now concentrated not so much in the old concession as in the new export zones, with a train of local bourgeois and proto-bourgeois social groups. The comparatively small size of these countries affords an opportunity (which, of course, is not being realized everywhere) for the relatively rapid "reshaping" of the precapitalist environment. Nonetheless, the capitalist structures, particularly in the small countries, remain primarily links of the WCE and are only secondarily structure-forming frameworks of national reproduction mechanisms.

Approximately one-third of countries of the developing world, the bulk of which has been put by UN special resolutions among the "least developed states," is situated on the *lower floor*. The capitalist "outer casing"—if such exists here—is not close-fitting, has numerous gaps and has, furthermore, "sprouted" only faintly within the traditionalist "nucleus". Subsistence relationships are preponderant in the precapitalist sector; the predominant production relations therein are aligned at a markedly lower level of socioeconomic development. Traditional structures encompass a significant, frequently preponderant part of the production of the GDP and almost the entire employment sphere; for this reason the discrepancy between the structures of production and employment here is less, as a rule, than on the middle floor. Commodity relationships are to a considerable extent "precapitalist, and the market mechanism has been introduced to the economy only faintly. Practically the sole domestic motor force of economic development is the state; its economic activity may be described as state capitalism only very conditionally. However, even in some of these countries there are localized capitalist enclaves represented, as a rule, by foreign capital. These countries are incorporated in the WCE, but represent as yet essentially predominantly noncapitalist (and for this reason heterogeneous to a considerable extent) links of the world capitalist formation. The weakness of local capital and the relatively slight interest of foreign capital make more likely in the foreseeable period "breaks" in the chain and the emergence of new countries of a socialist orientation precisely in this zone.

IV

Such, in our view, in the most general outlines, of course, is the differentiation of the developing countries in terms of levels and modalities of the formation of the capitalist production mode. We would emphasize that the proposed outline is designed to reflect differences in the molding of the capitalist economy and not the formation as a whole, which would require the introduction of additional criteria and the construction of a considerably more intricate and multilevel structure and also discussion of a number of arguable questions concerning the correlation of economic and general social processes, which would go beyond the framework of this article.

Nonetheless, the unevenness of capitalist development on the periphery of the WCE appears quite distinctly. Excluding countries which have in this form or the other made a socialist choice, but which are not part of the world socialist system (they accounted in 1980 for approximately 8.5 percent of the population and 7.5 percent of the GDP of the entire developing world), the correlation between the remaining countries and territories pertaining here to the upper, middle and lower floors may be presented, according to our approximate calculation, in the form of the following proportions: in terms of population 22:65:13, in terms of GDP 52:44:4.

In countries on the upper floor the capitalist production mode has either taken shape entirely, in the main, or has completed or is completing system-formation in the economy. This in itself determines an important, although in places blurred, divide between them and the rest of the developing world. On the middle floor capitalism is the leading structure which has transformed a very considerable part of the economic field and a gradually expanding, already substantial part of the social field. On the lower floor capitalist transformation has only just begun and is problematical as yet.

An analysis confined to a developed subsystem of world capitalism and encompassing approximately 25-26 countries leads to the conclusion that a trend toward a leveling of general economic development (27) and a standardization of social forms of the organization of production is predominant here. But in the outlines actually taking shape today capitalism appears as a considerably more heterogeneous and contradictory system. The world capitalist formation is historically deeply echeloned, capitalism in the second, third and so forth echelons is coming into being largely differently than in the first and the periphery of the modern WCE is forming a whole number of concentric circles at a varying socioeconomic distance from the centers of the system. In addition, new "power centers" (28) on a country or interstate-integration basis are beginning to take shape on the periphery itself, primarily in the Latin American and Pacific regions.

Moreover, a new structure of the entire nonsocialist world is gradually coming into view. A multistage, multipolar structure, in which the role of the developing countries which, owing to their high economic and demographic potential and relatively more auspicious position in the international division of labor and capital, combination of social conditions and so forth, have advanced further along the path of capitalist development is growing, is coming increasingly clearly to replace the center-periphery dichotomy in the WCE. These countries are moving into intermediate positions in the WCE, with which its centers, which took shape earlier, will have to reckon to an increasing extent. On the one hand a trend toward the separation and, in the future, possibly, the detachment from the bulk of "third world" countries of individual, as yet few, but economically most significant countries and their continued upward transition (although not to the highest "stories," probably) is strengthening. On the other, in the less developed countries an increasingly important role is being acquired by the centers of modern capitalist production—elements primarily of the world and only secondarily of the national economy.

The development of capitalism in the coming decades will change the socioeconomic character of the "third world" decisively. But world capitalism itself will also change together with it and become increasingly multivariant.

Footnotes

1. This position was supported by the majority of participants in a discussion on the fate of capitalism in the "third world" published in MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in 1973-1975. See also material of the discussion in NARODY AZII I AFRIKI No 1, 1985, pp 81-94.

2. This fact has been shown in a number of studies by Soviet authors: G.K. Shirokov, A.P. Kolontayev, A.Ye. Granovskiy, O.V. Malyarov and others on India, S.F. Levin on Pakistan, M.N. Gusev on Malaysia, O.G. Baryshnikova on the Philippines, N.G. Kireyev on Turkey, I.V. Sledzevskiy on Nigeria and so forth.

3. See "The Evolution of Eastern Societies: Synthesis of the Traditional and the Modern," part 2, Moscow, 1984; G. Mirskiy, "The Emergent States: Ways of Development" in AZIYA I AFRIKA SEGODNYA No 3, 1987, pp 26-29; V.L. Sheynis, "Singularities and Problems of Capitalism in the Developing Countries" in MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 12, 1986, pp 50-66.

4. The most comprehensive analysis of this criterion in Soviet literature is made in the book "A Typology of Nonsocialist Countries" (Moscow, 1976) and developed on the basis of the material of the group of countries in "Economic Structures of Arab Countries" by S.L. Stoklitskiy, L.A. Fridman, P.F. Andrukovich, Moscow, 1985. A typological outline describing differentiation per level and type of economic development and encompassing 140 developing countries and territories has been elaborated in the USSR Academy of Sciences World Economics and International Relations Institute. See "The Developing Countries: Economic Growth and Social Progress," Moscow, 1983, chapter II.

5. N. Simoniya, "Dialectics of Relationships" in MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 3, 1985, p 132.

6. See N.A. Dlin, "Specifics of the Socioeconomic Development of Nonsocialist Asian Countries," Moscow, 1978; ibid., "Socioeconomic Evolution of Nonsocialist Countries of the East," Moscow, 1984; N.A. Simoniya, "Procedural Problems of an Analysis of Economic Development in the Emergent Countries" in "Economics of the Developing Countries. Theories and Methods of Study," Moscow, 1979, pp 198-203; "The Foreign East and the Present Day," vol 1, Moscow, 1980, pp 12-13, 36-46, 524-529. For our thoughts on some of these versions see NARODY AZII I AFRIKI No 4, 1981, pp 194-201; MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 12, 1982, pp 118-120.

7. We are not concerned here with the formational nature of countries of a socialist orientation. This is a complex problem requiring independent theoretical analysis. In instances where differentiation is viewed on the basis of the formational criterion the majority of experts separate them into a special group, and this is probably the correct decision.

8. The level of study of the question prevents a sure determination of the place of all 140 developing countries and territories which we considered in the grouping per these criteria offered below. It encompasses, however, all the main "third world" countries.

9. See LATINSKAYA AMERIKA No 4, 1986.

10. The share of the manufacturing industry product of the four East Asian countries in world commodity turnover has reached half Japan's share. Among the 10 leading suppliers of electronic products to the U.S. market, 6 places are held by the East Asian countries, which in 1983 accounted for approximately 35 percent of American imports (Japan for 40 percent) and approximately 6.5 percent of total purchases of electronic equipment in the United States (estimated from MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 2, 1986, p 105; "Electronic Market Data Book. 1984," section III, pp 162-164).

11. According to our calculations, 0.7-0.8 percent of GDP and 0.2 percent of the population of the developing countries.

12. See G.K. Shirokov, "The Industrial Revolution in Eastern Countries," Moscow, 1981, p 189. There is no change in the situation in principle if the traditional sector is split into various structures.

13. See "The Developing Countries: Contradictions of Economic Growth," Moscow, 1986, pp 56-66.

14. See G.K. Shirokov, Op. cit.; "The Indian Economy. Overall Picture," Moscow, 1980, pp 17-59.

15. See O.V. Malyarov, "The State and the Private Sector of India's Economy," Moscow, 1984.

16. See "Economics of the Developing Countries. Theory and Methods of Study," p 201; "The Foreign East and the Present Day," vol 1, 1980, p 525; vol 3, 1981, p 358.

17. See "Traditional Structures and Economic Growth in India," Moscow, 1984, p 118.

18. Ibid., pp 127, 251; A.P. Kolontayev, "Singularities of Social Reproduction and the Problem of Employment in the Developing Economy (Experience of Independent India)," doctoral dissertation, Moscow, 1985, p 369. "The formation of the character of a 'populist' state was until recently highly perceptible," A.Ye. Granovskiy and G.K. Shirokov assert (MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 6, 1986, p 68).

19. In comparable prices of 1975. In real terms the resources at the disposal of these countries grew more rapidly thanks to the rise in the oil price.

20. In comparable prices of 1980. Our estimate per the data of national and international statistics.

21. Per the data of N.P. Shmelev, which encompass the OPEC countries, but which pertain predominantly (if not entirely) to the same main petroleum-exporting countries in respect of which our estimate of capital investments was made. See MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 10, 1983, p 54.

22. See "The Developing Countries: Economic Growth and Social Progress," pp 576-577.

23. Estimated from UN MONTHLY BULLETIN OF STATISTICS No 1, 1987, pp 326-327; No 5, pp 38, 39; INTERNATIONAL FINANCIAL STATISTICS No 4, 1987, p 445.

24. Estimated from UN MONTHLY BULLETIN OF STATISTICS No 7, 1985, pp L, LII, LIII; No 1, 1987, pp 306, 307.

25. Estimated from ibid., No 7, 1985, p LXXI; No 1, 1987, p 325.

26. These include Cyprus, Jordan, Malaysia, Sri Lanka, Tunisia, Morocco, Peru, Honduras, Haiti and certain other countries. See OECD OBSERVER No 119, 1982, pp 26-30; FINANCE AND DEVELOPMENT No 2, 1983, pp 9-12.

27. See the calculations of B.M. Bolotin in MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA No 8, 1986, pp 149-157.

28. See "Material of the 27th CSPU Congress," Moscow, 1986, pp 16, 132.

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Increased Cooperation With Socialist States Urged for Oceania

18070085e Moscow NARODY AZII I AFRIKI in Russian No 1, Jan-Feb 88 pp 75-82

[Article by B.B. Rubtsov: "Paths of Economic Development of Independent Countries of Oceania"]

[Excerpts] Soviet and foreign literature frequently compares the states of Oceania with the least developed countries of Tropical Africa. The work "Independent States of Oceania (Particular Features of Formation and Development)," for example, observes that "in socioeconomic development level the states of Oceania are markedly below many Afro-Asian developing countries" (7). This proposition is not, in our view, entirely legitimate, neither is the comparison of Oceanic countries with the least developed Tropical African countries. First, Oceania is, as has been shown, highly heterogeneous. Leaving aside the generally atypical case of Nauru, it may be asserted that on Fiji the level of economic development is markedly higher than in the majority of Asian and African developing countries. The value of per capita GDP for all of independent Oceania constituted approximately \$800-900 in the first half of the 1980s. The average size of per capita GDP of African countries in 1984 was \$342, and in the developing countries as a whole, \$600. "Outside financial support," which is cited as a reason for the relatively high amounts of average per capita income (8), cannot serve as an explanation inasmuch as foreign aid is not, in accordance with customary statistical procedure, included in the GDP.

Papua-New Guinea is often portrayed, particularly in advertising brochures, as a country where it is possible to visit the Stone Age. There is a grain of truth in these declarations inasmuch as, indeed, until recently the island of New Guinea remained one of the wildest corners of the world. In the 1940s-1950s even there were tribes in barely accessible parts of the island which had no connections with the outside world. As a whole, however, such declarations are geared more to foreign tourists avid for exotica. Of course, isolated tribes may be encountered at the present time also in the jungles and mountain valleys of Papua-New Guinea in whose life little has changed in recent centuries, but their numbers are small both absolutely and relatively.

In terms of such an indicator as level of literacy of the adult population (14.5 percent on Fiji in 1985, almost 100-percent literacy on Samoa, Tonga, Kiribati and Tuvalu) Oceania is favorably distinguished from many developing countries. Even in Papua-New Guinea, where in 1985 some 54.5 percent of the adult population was illiterate, the situation is better than in Africa (9). The situation is similar in respect of such indicators as infant mortality, average longevity, number of medical personnel and hospital beds and others.

The island states of Oceania are part of the world capitalist economic system and, furthermore, like the majority of other developing countries, they occupy in this system a subordinate position and experience in full the negative consequences of world economic crises, price fluctuations, the imperialist states' discriminatory policy and so forth.

The countries of Oceania incur the most palpable losses as a result of fluctuations in the price of their export commodities. Thus in 1985 the price of copra and coconut oil fell by a factor of three, yet for some countries these are the principal export commodities (approximately 60 percent of the exports of Western Samoa and Vanuatu, 42 percent of the Solomon Islands and more than 90 percent of Tuvalu and Kiribati) (21).

Abrupt short-term price leaps, of course, exert a negative influence on the economy of the island states. Their consequences are still neutralized to some extent with the aid of special stabilization funds replenished in years of high market conditions which have been set up practically everywhere. The seriousness of the situation, however, is that a "price scissors" continue to exist. The prices of the raw material commodities exported by the developing countries of Oceania (over a lengthy period) are growing more slowly than the prices of finished products imported from developed capitalist countries.

In view of their small size, the countries of the region cannot, naturally, even having united their efforts, exert an influence on market conditions. The sole solution is acting in a united front with other developing countries.

A means of lessening dependence on market spontaneity is export diversification. Recognizing its significance for a strengthening of national independence, the governments of the young states are making efforts in this direction. The list of export commodities has lengthened somewhat in the years of independence. However, the opportunities for diversification under the conditions of small and tiny countries are extremely limited.

The countries of Oceania incur big losses as a result of the predatory exploitation of their natural wealth. Thus Japanese companies are cutting down forests on the Solomon Islands and in Papua-New Guinea without the necessary recultivation measures. The same may be said about the fishing companies, whose excessive activity is frequently undermining the very basis of the islanders' life. It should be mentioned here that the charge for the fish catch in the economic zones of the island states is extremely small. Thus in 1982 Kiribati obtained from the sale of licenses approximately $1 million. At the same time, however, the value of the fish caught by foreign vessels was in excess of the republic's GDP (22).

Defending the interests of American private capital on the question of the fish catch, for many years the U.S. Government simply refused to recognize the 200-mile zone. American vessels fished for tuna wherever they thought fit. Only at the end of 1986 did the U.S. Government make a concession, agreeing to pay the countries and territories of Oceania which are members of the South Pacific Forum Fishing Agency an annual $12 million for the admittance to their economic zones of 35 American tuna boats (23). The U.S. Administration attempted in every way possible here to hamper the conclusion of agreements with the socialist countries profitable to the islanders. Thus in the period of preparation of a fishing agreement between the USSR and Kiribati in 1985 U.S. Secretary of State G. Shultz attempted to "persuade" the Kiribati Government to turn down the deal. But the agreement was signed nonetheless. After all, the USSR offers a fair price, which is higher than that paid by capitalist firms. Kiribati President I. Tabai declared: "We have concluded with the USSR a purely economic agreement, which will be in our interests. It corresponds primarily to the main policy of our government—obtaining a fair income.... We simply want to raise the people's living standard, and the agreement with the Soviet Union will help us achieve this" (24). The Republic of Vanuatu has concluded a similar agreement with the USSR.

Under the impact of external factors the conditions of reproduction in Oceania have deteriorated sharply in the 1980s. The world economic crisis of the start of the 1980s was accompanied by a fall in demand for traditional export commodities of the countries of Oceania. As a result there was a decline in the GDP growth rate almost everywhere. Whereas in Papua-New Guinea it constituted in the first half of the past decade 4 percent a year on average, in the period 1980-1984, only 0.5 percent. Inasmuch as the annual population growth is the equivalent of 2.3 percent, per capita GDP in these years declined. There was a reduction in the GDP on Fiji in 1982-1983 of 1.1 and 3.9 percent respectively. Stagnation phenomena have been observed in the economy of other states also.

The balance of payments problem has intensified in connection with the reduction in export proceeds. It has been necessary to finance the deficit therein to resort to loans on the international capital market. This has led to a growth of the foreign debt. Whereas at the end of the 1970s even the foreign debt was minimal, by the mid-1980s it was in Papua-New Guinea, for example, in excess of 40 percent of the GDP (more than $1 billion), and on Fiji, of 30 percent (more than $300 million). In both countries the foreign debt has come to exceed the amounts obtained from exports, and one-tenth of export earnings (3-5 percent at the end of the 1970s) goes to pay off interest (25).

The state and development trends of the world capitalist economic system are every reason to suppose that economic difficulties will intensify even further in the countries of Oceania in the latter half of the 1980s. The importance of increased interaction in the economic sphere and the need for a strengthening of relations with the developing states beyond the region and with the socialist world also are becoming increasingly apparent to the governments of the island states. Only in this way will they be able to seriously improve their economic situation.

Footnotes

7. "Independent States of Oceania (Particular Features of Formation and Development)," p 7.

8. Ibid., p 48.

9. "UNESCO Statistical Yearbook 1985," Paris, 1985, pp 16-19.

21. QUARTERLY ECONOMIC REVIEW OF PACIFIC ISLANDS No 1, 1986, pp 2-7, 37; "South Pacific Economies. Statistical Summary 1981," Noumea, 1984, p 11.

22. ASIA PACIFIC COMMUNITY No 22, Fall 1983, p 2.

23. PACIFIC MAGAZINE No 6, 1986, p 14.

24. PRAVDA, 15 August 1986.

25. QUARTERLY ECONOMIC REVIEW OF PACIFIC ISLANDS No 1, 1986, pp 2-3.

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Crucial Nature of African Youth's Assimilation of Marxism-Leninism

18070085f Moscow NARODY AZII I AFRIKI in Russian No 1, Jan-Feb 88 pp 201-203

[R.G. Landa book review]

[Text] Various aspects of the grand theme denoted in the title of the book in question* have already been studied in a number of group works, particularly in connection with the initial stage of propaganda of socialist ideas in the north and south of Africa (1). But taking the problem as a whole, we have before us the first important work to have as yet illustrated in such amplitude the different stages, particular features and basic questions of the establishment of Marxism-Leninism in African soil.

The monograph contains four large sections: on familiarization of Africans with socialist ideas; on the revolutionary and transforming role of Marxist-Leninist theory in African countries; on the ideological activity in Africa of revolutionary-democratic parties; on the place of Marxism-Leninism in the ideological struggle on the African continent. Particularly pertinent is the second section, which studies problems of the activity of communist and workers parties, unions and youth organizations and, what is most important, the fundamentally important questions of the combination of Marxism-Leninism and the revolutionary-liberation and workers movement and the impact of scientific socialism on the shaping of the political consciousness of the youth of African states. Other chapters and sections of the monograph are of interest also.

Despite the fact that by the time the majority of African countries had gained independence Marxist-Leninist parties existed in only five of them, the authority of the ideas of socialism had been quite high here since the end of the last century even. And in Southern Africa, furthermore, we may speak of familiarization with socialism as of the 1880s (20), while in the north of the continent, specifically, in Algeria, the first supporters and propagandists of socialist teachings had appeared even earlier (3). Being Europeans (British, Dutch, Germans and Russians even in Southern Africa, French, Spanish and Italians in Algeria), the first socialists in Africa were isolated from the indigenous population in the racial, national and religious respects. Nonetheless, their services in the propagation of the ideas of socialism and preparation of the soil for the perception of Marxist-Leninist views by the indigenous inhabitants of Africa are beyond question. The monograph in question deals (chapter I) insufficiently fully with this, in my opinion. Tribute is paid to such public figures as (O. Shreyner), W. Harrison, (E. Blayden and R. Shaaban) and also the Egyptians S. Musa, M. al-Mansouri and M.A. (Enan). At the same time, however, nothing is said about the Algerian Socialist Workers Party, which existed at the turn of the century, and about the influence on its ideology of J. Jaures, the leader of French socialists. Equally, nothing is reported of the activity of the socialists of Tunisia, although in Soviet literature this question has been studied pretty well by N.A. Ivanov (4).

The same shortcoming is noticeable in subsequent chapters: the lesser knowledgeability of the authors of the monograph of the problems of North Africa than of the problems of Sub-Saharan Africa. Specifically, while describing, and in quite an amount of detail (when it is a question of Senegal, Dahomey and Madagascar), the influence of the French Communist Party on the revolutionary movement on the African continent, the authors of the monograph fail to point out that together with Ho Chi Minh at the head of the Intercolonial Union was the Algerian Hadj Ali Abdelkadir (an engineer by education; member of the PCF Central Committee as of 1925), who together with Lamin Senghor edited the newspaper LE PARIA. It is surprising that the authors found in the Intercolonial Union in December 1924 only "30 Arabs" (p 26). It is obviously a question of leaders of the union's sections for it was in 1924 (following the election victory in France of the "left cartel" headed by E. Herriot and the triumphal tour of the Algerian associations of Emir Khalid—grandson of Emir Abdelkadir and leader of the Algerian patriots and also publisher of the progressive newspaper (IKDAM), which enjoyed the support of the communists) that there was an abrupt increase in the assertiveness of Algerian and, generally, North African immigrant laborers, of whom there were by this time in the metropolis approximately 300,000. Their first congress, which was convened in 1924 within the framework of the Intercolonial Union, was attended by 150 delegates, who elected a 15-man Maghreb Bureau (5).

The monograph makes only one mention (on page 29) of the North Africa Star organization, which, numbering 3,000-4,000 persons (mainly Algerians, but also Tunisians and Moroccans), had prior to 1929 officially joined the Intercolonial Union and become associated with the PCF (6). This should have been mentioned since this association subsequently gave birth to two organizations—the Algerian People's Party in 1937 and the Movement for the Triumph of Democratic Liberties in 1946—on whose basis in 1954 the Algerian National Liberation Front (FLN) arose. In other words, despite the mistakes they had made in the colonial period, France's communists objectively made a significant contribution to the development of the revolutionary-democratic direction of Algerian nationalism. Distinguished by the radical nature of sociopolitical views in the 1920s even, this direction became the predominant one in Algeria at the time of the 1954-1962 national-democratic revolution.

Also typical is a number of inaccuracies in the text of the monograph associated with the same subject matter: the president of the North Africa Star was called not Ben Mustapha Chadli (p 29) but Chadli (Khayrallakh). Andre (Muan) was not simply a "French communist" (p 34) but also a PCF activist who was incarcerated by the Vichy "Government" in a concentration camp in Algeria in 1940-1942 and who subsequently fought for 20 years in the ranks of the Algerian Communist Party and in the period 1947-1962, furthermore, he was one of five Algerian CP Central Committee secretaries. The PCF went underground not in 1938 (p 34) but in 1939, with the start of WWII and the repression unleashed against the party.

Characters associated with the revolutionary movement and the influence of the ideas of socialism in the British and Portuguese colonies, as, equally, with the perception of the ideas of socialism by African youth which went to Europe and the United States to study, are illustrated more successfully. Even more successful was the group of authors of the second section as a whole, in which the passages on the particular features of the spread in Africa of scientific socialism and the socialist orientation of the development of a number of African states, the activity of the trade unions and the problem of the cooperation of the communists and revolutionary democrats should be distinguished specially. The theoretical propositions formulated by the authors of these passages and chapters are well thought through and consider the available experience of study of the corresponding problems in Soviet literature. This does not mean that this section is entirely free of shortcomings. Specifically, it should be mentioned that although in the period 1962-1965 the Algerian CP did not officially publish its own organ (p 114), the newspaper ALGER REPUBLICAIN, which was directed by members of the Algerian CP Central Committee, was in fact such an organ.

The assimilation of the ideas of scientific socialism by African youth is an extraordinarily critical topic. The fate of socialism in Africa essentially depends on the extent, pace and scale of this process. For this reason this question is entirely deservedly assigned two chapters in the monograph. But the first of them (pp 130-138) is too lapidary and illustrates only cursorily the official role of the youth organizations of the countries of a socialist orientation of Tropical Africa in propagation of the ideas of scientific socialism. Of greater thoroughness and scale is the approach of the next chapter (pp 139-160), which analyzes more attentively and with the enlistment of primary sources the paths and singularities of the assimilation of Marxism-Leninism by the youth of different countries and regions of Africa. Strictly speaking, there is here something which is encountered extremely seldom in our studies of contemporary political and ideological problems of the Afro-Asian world: specific figures, facts, names and fates and their skillful use in sociological analysis.

The essays on the ideological work of the revolutionary parties of the People's Republic of the Congo, Angola, Mozambique, Ethiopia, Benin, Madagascar and Tanzania are of undoubted value also. The third section, which is devoted to them, provides the reader with a good idea of the specifics of the ideological and social situation in these countries, the difficulties on their development path, which is oriented toward genuine socialism, and the difficulty of educating revolutionary personnel in a spirit of Marxism-Leninism. Of all the chapters of the section, chapter X, which is devoted to Ethiopia (pp 189-213), is distinguished by its well-developed sociological basis.

The final section—"Marxism-Leninism and the Ideological Struggle"—sums up, as it were, the entire monograph and reveals the elements of Marxism in the ideology of the revolutionary democrats and its role in theoretical disputes. The section is valuable for its panoramic approach to the ideological situation in Africa, which is examined in all its diversity. At the same time, however, the fact that a critique of anti-Marxist concepts is expounded in the book's final chapter is hardly to be considered successful. One involuntarily has the impression that bourgeois, radical, reformist and Catholic ideas represent an insurmountable barrier to the spread of Marxism in Africa. But this is not the case. And I believe that had the successes of Marxism been recounted after the exposition of the concepts of its opponents, the monograph's optimistic conclusion would have sounded more convincing.

Footnotes * "Rasprostraneniye marksizma-leninizma v Afrike. (Voprosy istorii, teorii i praktiki)" [Spread of Marxism-Leninism in Africa (Questions of History, Theory and Practice)], Moscow, Glavnaya redaktsiya vostochnoy literatury izdatelstva "Nauka", 1987, 333pp. Executive editor, An.A. Gromyko; leader of the group of authors, N.D. Kosukhin; authors: I.V. Belikov, M.I. Braginskiy (deceased), N.I. Vysotskaya, M.F. Gataullin, O.V. Gladkikh, L.O. Golden, O.B. Gromova, (Gyrma Kassayye), I.V. Yerasova, N.M. Zotov, A.A. Ivanov, N.S. Illarionov, L.I. Kim, (Zh. Kissisy-Boma), V.F. Kovalskiy, V.I. Komar, N.D. Kosukhin, N.L. Krylova, P.I. Manchkha, A.N. Moseyko, O.Z. Mushtuk, A.Ye. Pataman, (Zh. Rabesakhala), Ye.V. Smirnova, V.F. Titov, D.P. Ursu, V.P. Khokhlova, E.A. Shauro, Ye.S. Shepp, S.V. Yastrbzhevskiy.

1. See "On the New Path," Moscow, 1968; "The Comintern and the East," 1969; "The Ideas of October and the Liberation Movement of the Peoples of the East," Moscow, 1978; "The Great October and Topical Problems of the Arab World," Moscow, 1979; "The Great October and Africa," Moscow, 1980.

2. A.B. Davidson, "Southern Africa. Formation of the Forces of Protest," Moscow, 1972.

3. M.N. Mashkin, "French Socialists and Democrats and the Colonial Issue. 1830-1871," Moscow, 1981.

4. N.A. Ivanov, "The Struggle for Independence," Moscow, 1957; ibid., "The Popular Anticolonial Movement in Tunisia and Young Tunisians" in SOVETSKOYE VOSTOKOVEDENIYE No 1, 1957; ibid., "Tunisia" in "History of the National Liberation Struggle of the African Peoples of Recent Times," Moscow, 1976.

5. See REVUE ALGERIENNE DES SCIENCES JURIDIQUES, ECONOMIQUES ET POLITIQUES No 4, 1972, Algiers, pp 915-930.

6. M. Kaddache, "Histoire du nationalisme algerien," vol 1, 1980, Algiers, pp 175-194.

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'New Multinationals' in Developing Countries Examined

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[D.Ye. Kosyrev book review]

[Text] The expansion of the TNC in the developing countries is an inalienable feature of the postwar world capitalist economy. The activity of the TNC, primarily their export of capital to these countries, is a basic method in our day of exploitation of the periphery of the capitalist economy.

But how to evaluate in the light of what has been said above such a surprising reality of recent years as the export of entrepreneurial capital from the developing countries: first to other developing, then to developed Western countries? What does the appearance of "new multinational companies" in countries whither capital was earlier only imported signify? The British expert P. (Striten) hastened in this connection to question the very concept of neocolonialism. However, are we really observing the start of the creation of "equal relations" between the developing and developed capitalist countries? Such questions are posed in the monograph in question.*

A.V. Bereznoy's book is the first thorough analysis in Soviet scientific literature of the phenomenon of the "new" international companies. Therefore it is necessary to bear in mind when speaking of its merits and blunders the pioneering nature of the book and remember that the author has undertaken an investigation of a new and far from simple problem.

I stress: it is a question of a phenomenon which is still at an early stage of its existence. For this reason the difficulties confronting the author are apparent right at the first stage of his work. What companies pertain to the "new multinationals" if there is no generally accepted definition of a TNC even (the author designates them thus: firms which are switching to the use of foreign countries for the direct creation there of surplus value). What is the real importance of the "new multinationals" in the world capitalist economy if there are neither full lists thereof nor dependable statistics of the export of capital from the young states? It is predominantly state-owned corporations which figure in the lists of the biggest companies of the developing countries, but they, as a rule, are oriented toward tasks of national development. The firms, on the other hand, which are oriented toward obtaining profit and exporting capital are, by Western yardsticks, small and medium-sized (with a number of employees of less than 1,000) and are not for this reason reflected in many reference works.

But even according to manifestly incomplete, the author believes, statistics, the aggregate export of capital overseas from developing countries constitutes 2.7 percent of the world flow or $14 billion annually; and these values are growing from year to year, what is more. Incidentally, such—$14 billion—was the export of capital from Western countries in 1914, when they, as distinct from the present "new" exporters of capital, were in the monopoly phase of the development of capitalism. In addition, it is necessary to divide the as yet relatively modest amount of the export of capital by the very limited number of countries and territories which are the homeland of the "new multinationals": these being primarily South Korea, Hong Kong and Singapore and also India, Kuwait, Brazil and certain others. As distinct from the successiveness of stages which occurred in the developed countries in the past, the process of the internationalization of capital in them reached relatively mature forms long before they encountered the problem of the overaccumulation of capital on a national scale.

Pointing to the roots of the relative—at the level of one sector—overaccumulation of capital, given a shortage thereof in the country as a whole, the author abides by the concept of the dependent development path of the young states presupposing the simultaneous existence of several sectors of the economy and structures even at times unconnected with one another. The movement of capital is impeded by both the "misalignment" of the traditional and the modern sectors and the vigorous activity in the local economy of foreign TNC. It proves simpler at times in this situation to export capital overseas. There are even more reasons for such a development of events in the countries and territories where possibilities of the expansion of production and the home market are extraordinarily narrow owing to geographical or historical factors (the city-states of Hong Kong and Singapore and the oil-producing countries of the Near East).

Why, however, are the Western TNC not preventing some developing countries' investments' penetration of others, that is, on territory which they are actively assimilating? The author sticks here to the concept of the insertion of the "new multinationals" in "industrial niches"—zones in which it is unprofitable for the TNC to operate. It is known that the TNC are transferring overseas production oriented toward intricate technology, quantity and batch production and at the same time geared to the Westernization of the customer, disregarding the existence in the developing countries of several parallel markets, including those intended for low-income customers also.

The "new multinationals" are inserting themselves in these niches by using their advantages: the possibility of assimilating "intermediate" technology which is difficult to make intensive and small-scale production adapted to the conditions of the developing country. The "newcomers" can, for example, put the emphasis on particular features of traditional demand with which the TNC are unfamiliar, on local raw material which does not correspond to the standards of Western companies and so forth. Food industry, textile production and other sectors of light industry are within the sphere of activity of such companies.

But, the author observes, this is only the first typical stage of the actions of the "new multinationals". Having accumulated experience and technological possibilities and also financial resources, since the start of the 1980s some of them have begun to move up the technological ladder, switching now to the production of producer goods and the introduction of their own R&D, in short, have begun to approach the level of the Western TNC.

The world is changing rapidly. We have not yet stopped thinking of countries of the Singapore or Hong Kong type as makers of plastic toys and primitive electrical engineering, but new realities confront us: the Singapore Promet, for example, makes offshore oil-drilling platforms and sells them to several countries of Southeast Asia, Latin America and the Persian Gulf. Or take the Indian Hindustan Computers company, which has developed its own highly competitive system of computerization of the developing country. There are many other examples. A change is noticeable in the directions of the export of capital also: it is directed increasingly actively toward developed capitalist countries. Thus the South Korean Samsun Electronics alone had with the aid of its overseas affiliates captured at the start of the 1980s some 20 percent of total sales of black-and-white and 3 percent of color television receivers in the United States. Whether all companies of the developing world will be able to ascend this ladder or whether new, surprising, possibly, processes will begin here—this remains in the book an open question since drawing final conclusions is manifestly premature.

Granted all the persuasiveness of the general concept erected by the author, it is vulnerable precisely because of its high degree of generalization. Indeed, it is difficult finding uniform models for such dissimilar countries as Singapore and India, Kuwait and Brazil. It is particularly noticeable in the second section of the book, in which the author applies his general outline to different groups of capital-exporting developing countries. Four groups are distinguished here: the "new industrial countries" of Asia (Singapore, Hong Kong, Taiwan and South Korea), which produce, incidentally, more than one-half of the industrial exports of all developing countries and which are also considerably in the lead in the export of capital; India; the Near East oil-producing states; Latin America. I would note that even in the groups distinguished by the author there are highly dissimilar cases. One asks oneself continuously when reading the book: do not the specifics threaten to destroy the general?

It should be acknowledged that A.V. Bereznoy does not aspire at all costs to reduce the entire diversity of phenomena to a single whole. Onthe contrary, he makes a thorough analysis precisely of differences. As a result the study is, perhaps, overloaded with facts and detailed descriptions. The enthusiasm for tables, in which only one-two columns are necessary for grasping the author's idea, sometimes seems excessive. At the same time one feels the need for one further table, from which it could be seen which factors precisely of the creation of "new multinationals" are common, which specific and which unique.

However, the overall outline passes, as a whole, the "trial by specifics". Although, possibly, the above-mentioned missing table would have shown also that the group of Near East oil producers is, if not beyond the framework of the study, in a special position. After all, the transition from the export of loan to the export of entrepreneurial capital is, according to the conclusions of the author himself, only just beginning there, and the main exporter, furthermore, are state-owned companies, whose activity the book does not examine.

The methodicalness with which A.V. Bereznoy shows us each country described would seem useful: the abundance of information affords an opportunity for different inferences from those drawn by the author and provides process stock for subsequent research.

So, the contours of the phenomenon have been drawn clearly, as a whole. But what, for all that, are the consequences of the activity of the "new multinationals" for the economy of the young states? It is not difficult to see that all the pluses of their activity noted in the book are either of a temporary nature or pertain to the "lesser evil" category. Thus the newcomers are easing in some respects the negative effect of the domination of the TNC, but occupying here economic space which could theoretically be filled by national capital. As far as the orientation toward labor-intensive technology, local raw material and traditional markets is concerned, these pluses operate merely in the first stages of the typical path of evolution of the "new multinationals" outlined in the book. Subsequently these companies reproduce to an increasingly large extent the behavior model of the TNC of the industrially developed states.

There are, in addition, more wide-ranging consequences of the described phenomenon. The author focuses attention on the threat which the development of the activity of the "new multinationals" represents to the establishment of interstate cooperation of the developing countries themselves and the business of reducing their dependence on the West—that same cooperation which is not as yet taking shape in the best way, despite the abundance of programs and vaunted declarations. It is interesting that in many foreign scientific works and even documents of international organizations one encounters attempts to pass off the spontaneously developing "mutual investing" of the young states precisely as such cooperation. The author recalls in this connection that companies' private activity should not be confused with official programs aimed at the accomplishment of national tasks.

It is significant that this section in the book—a kind of study within a study—appears somewhat surprising and, granted all the topicality of the problem broached and the entire persuasiveness of the author's position, manifestly merits separate discussion. Moreover, there are several such sections in the book. I believe that this is testimony to the fact that the subject raised in the monograph itself leads to many interesting kindred problems deserving of attention.

I mentioned at the start of the review difficulties which are inevitable in an evaluation of new phenomena still in the initial phases of development. This has made its mark on the nature of the final conclusions also: they are addressed to the future rather than summing up past events and processes. These conclusions are in brief such: the "new multinationals" are reproducing in the developing countries the pattern of relations between the center and the periphery of the world capitalist economy. They are thus creating an intermediate link, as it were, in this system and complicating, but not doing away with it and serving rather as a reserve of than a counterweight to the TNC. The diagnosis at this stage of development would seem perfectly justified, although time will tell what new nuances the development of the export of capital from the developing countries will add to our evaluations. The formulation, however, of this important question and its initial investigation are an undoubted merit of the author.

Footnote * A.V. Bereznoy, "Mezhdunarodnyye kompanii razvivayushchikhsya stran. (Vneshnyaya ekspansiya natsionalnogo predprinimatelskogo kapitala)" [International Companies of the Developing Countries (Foreign Expansion of National Entrepreneurial Capital)], Moscow, Glav. red. vost. lit-ry izdatelstva "Nauka", 1986, 203pp.

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