

BOOK REVIEWS – REVUE DES LIVRES

The Third World in Global Perspective, A. M. Hoogvelt, Macmillan, 1982, P. XII, 260.

A Review by A. B. ZACK-WILLIAMS*

This work which is a follow-up to the author's, *The Sociology of Developing Societies*, Macmillan, 1976, is a welcome text on the current situation in the Third World. Whilst the work is not based on any original (empirical) research, yet it is rich both in secondary materials and also contains an updated theoretical discussion on the nature of Third World social formations.

The work is mainly concerned with the empirical and theoretical changes which have occurred in the last decade in analysing Third World societies. The major theme of the text is that in the period of the Second U.N. Development Decade (1970–80), the Third World has experienced such differentiation that the generic use of the term «Third World» is now misleading. Furthermore, both Marxist and bourgeois liberal theorists have failed to address themselves to these differences. The reason for this, «is that bourgeois and Marxist writers have been constrained by the limits posed by their past theoretical heritage, in particular the generalised category of 'Third World'» (p. 213). This differentiation has produced three categories of «developing» countries:

- 1) The nouveaux riches Middle East oil producers, who in terms of GNP are now richer than the developed countries.
- 2) The «newly industrialising countries» (NIC), some with structure of production equally or even more industrialised than those of some countries conventionally classed as 'developed'» (p.2).
- 3) Those still dependent on agriculture, and who have remained poorer than they were before 1970, the so called Fourth World.

After a lucid introduction, in Part I of the book, the author goes on to discuss the major global structural changes which have occurred in the world capitalist economy and their effects on the Third World. She notes three important changes:

- 1) The differentiation of the Third World;
- 2) the accumulation of vast financial surpluses by a handful of Arab OPEC countries;
- 3) the changing organisation of world production.

With regards to the last point, HOOGVELT notes that this is symptomatic of the growing internationalisation of production, and the emergence of a new international division of labour. This qualitative change in the world economy is being effected by the multinational corporations (MNCs).

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The period also witnessed a shift away from international trade to international production, and it is the rapidly developing countries which have been closely associated with the process of world production under the aegis of MNCs.

HOOGVELT unveiled a paradox: whilst the relative share of foreign direct investment in the Third World has declined over the last two decades (33% in 1966 and 25% in 1974), yet there are certain NICs where production by multinationals is concentrated. Thus she observes: «One may well conclude that what we are witnessing is not so much the rapid industrialisation of certain successful developing countries, but rather the selection of certain *sites* in the Third World for the purpose of relocation of industrial activity from the advanced countries» (p. 65).

The forging of these «world market factories» in a number of underdeveloped countries is designed not only to take advantage of relatively cheap and skilled labour, but some of the repressive regimes in these rapidly growing NICs provide political cover against sweeping nationalisation or labour unrest. The problem of safeguarding against nationalisation of foreign investment is ameliorated by the emergence of non-equity, or part-equity arrangements. This new set-up was good for investors who wanted to reduce their equity exposure and for the developing countries who wanted a larger share of resource rents. As HOOGVELT observes: «Instead of viewing Third World governments' nationalisation programmes with dismay, the MNCs were smart enough to realise that local participation in their overseas affiliates opened up still greater opportunities for making super-profit» (p. 72).

Another theme developed in this work is the political responses of Third World countries to the changing nature of the global economy. Here the reader is presented with a very interesting discussion of the rise and fall of Third World solidarity. She traces the roots of Third World solidarity to two sources which ran parallel, but reached a target in 1974 with the UN Declaration of a New International Economic Order (NIEO). The first source was originally a political one, in the form of the non-aligned movement, and the second was originally an economic one, namely the Economic Commission for Latin America (ECLA). The creation of UNCTAD as a specialised agency of the UN was the first major victory for Third World solidarity. Though UNCTAD provided a forum where both developed and developing countries confront each other, yet its success was limited. Even where gains were registered, «this may well be put down to the changing needs of the world capitalist economy itself» (p. 77).

The zenith of Third World solidarity was reached with the unilateral price rise of OPEC. Paradoxically as it may sound, the success of OPEC also marked the end of confrontation, and the beginning of the decline of Third World solidarity. This premature decline was due to four factors:

Firstly, certain inherent contradictions in the NIEO agenda, in particular the demand for collective self-support, «greater inter-dependence between rich and poor world, (yet) independence from the rich world, and delinking from it» (p. 86). Secondly, the NIEO demands were reformist: «(they) concentrate exclusively on the *exchange* relations of the world capitalist system and ignore totally the *production* relations of that system» (p. 87). It soon became clear to the developed nations that the NIEO, far from threatening the world economic order, could in fact be accommodated to strengthen the world capitalist system. Thirdly, it is for this reason that the developed world, and the US in particular, through Secretary of State KISSINGER, became conciliatory. Thus, in his «community of interest» speech, KISSINGER assured the Third World, «We have heard your voices. We embrace your hopes. We will join your efforts» (p.92). This attitude tantamount to stealing the thunder of the hawks in the Third World. Finally, what HOOGVELT calls the «new middle class nations» (i.e. the NICs and Arab OPEC countries) were not prepared to share their newly found wealth with their less fortunate brethren in the Fourth World.

Part II of the book deals with the theoretical issues arising out of the development experiences. Here HOOGVELT strives for a middle line (objectivity?) between the Marxist and the bourgeois liberal positions, even though her conclusion seems to be a syncretic fusion of the progressive liberal (world futures) position and that of the Marxist world-system theorists. This part of the work is well ordered, stating the themes and assumptions underlying the various theoretical perspectives.

There are two major criticisms I have with regards to this work. The first relates to HOOGVELT's conclusion. Even though she claims a preference for the «Marxist perspective» (p.11), yet she is «reasonably optimistic that the progressive liberal views will yet win the day» (p. 210). This naive (al-be-it) humanitarian position is premised on the belief that the same international capitalist forces (i.e. MNCs) which allowed OPEC to get away with the oil price increase of the 1970's will, also impose a moderating influence on «recalcitrant, Northern Governments to toe the line of 'global redistribution'» (p. 211).

The second criticism relates to a theoretical omission. Whilst HOOGVELT's work is perhaps one of the most comprehensive review of both bourgeois and Marxist theories of development and underdevelopment in the market to date, yet her failure to discuss the role of merchant capital in the development of underdevelopment represents a serious omission. The recent debate of merchant capital and underdevelopment has been triggered off by the work of Geoffrey KAY, *The Development of Underdevelopment*:

A Marxist Analysis. In this work, KAY argues among other things that the explanation of capitalist underdevelopment is really historical and structural, and could be found in the special characteristics of merchant capital. Furthermore, KAY drew attention to one important paradox of

merchant capital: whilst it encouraged the dissolution of pre-existing social relations, yet merchant capital in its role as agent of industrial capital tended to maintain the forms of pre-capitalist production and social relations in order to maximise the production of commodities for metropolitan markets. It is through this process of maintaining pre-capitalist structures that value is drained from the periphery to the centre, hence the development of underdevelopment.

In spite of these criticisms, it is clear that this book will plug a gap which has existed for many years; namely: to provide a general text for students of developing societies.