

THE NEW INTERNATIONAL ECONOMIC ORDER, BASIC NEEDS STRATEGIES AND THE FUTURE OF AFRICA

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In this paper we shall discuss the future of Africa in light of the socio-economic basis of two separately conceived international development strategies which over time have become increasingly closely linked. The strategies are the New International Economic Order (NIEO) and the Basic Needs Strategy (BNS). The close link between these strategies has been established from two different perspectives. The first perspective is diplomatic in which in the course of international debate various groups advocating one or the other of these two strategies have, by way of compromise, agreed to merge the strategies into one (*1*) although, of course, each group continues to lay greater stress on the part it views as more important of the twin objectives calling for changes on both the national and international levels.

The other perspective has been largely analytical seeking to answer the question : what level of economic growth is essential or compatible with a strategy to meet the basic needs of the peoples of the Third World and what changes on the international economic level are desirable to sustain this level of growth? It also seeks to answer the question whether the pre-empting of resources for the attainment of a minimum absolute level of consumption in the nearest possible future would entail a lower rate of growth than would otherwise be possible as well as socially acceptable. In addition it addresses itself to the issue of the appropriateness of the policies of both the advanced and poor countries in facilitating a basic needs approach to development in the Third World. The relation between BNS and NIEO is thus established on the grounds of «growth with equity». The generally accepted position seems to be that to meet the basic needs of the poor in the Third World on a suitable basis, it is necessary to transform its productive structures. In this transformation modern industry (including in most cases an appropriate capital goods industry) must play a crucial role. In turn the establishment of such industries essential to a BNS strategy requires a new international division of labour (Singh, 1979).

We shall therefore treat the two strategies as twin-objectives on the international agenda. Our purpose in this paper will be to bring out the social context of the debate on these twin international strategies and to try to indicate on this basis the possible NIEO-BNS outcomes in the near future. For the Third World countries, we confine ourselves to the African case although it would not surprise us if the same arguments applied with equal force for much of the underdeveloped world.

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An appreciation of the social implications of the New International Economic Order (NIEO) requires an understanding of three issues of fundamental importance to the nature of the «order» desired and historically feasible:

- (1) *We need to understand the nature of the present economic order especially the manifestations of this order in its more or less spontaneous development.*
- (2) *We need to understand the nature of the response – both economic and political to these manifestations.*
- (3) *We need to grasp the class content of these responses both on a national and international level for it is the constellation of class forces around the various issues and problems thrown up by the old and present order that will ultimately determine the outcome of the various challenges to this order. The last point is of vital importance in indicating the nature, or rather the social implications and content of the various schemes aimed at reshaping the present order for it permits us to ask the crucial question: by whom and for whom is the economic order being reshaped?*

THE SEEDS OF DISCONTENT WITH THE «OLD» ORDER

Until a few years ago only a few scholars in the Third World, governments in the periphery and a few «radical» scholars in the advanced capitalist countries viewed the post-war system as basically unsatisfactory. For most Western social scientists and their governments in the advanced capitalist countries the prevailing post-war system was *basically* sound. The unparalleled economic growth in these economies, accompanied by remarkable stability founded on Keynesian economies, left little room for doubt that the stability and dynamism of the capitalist system was a permanent feature of the «postindustrial state» and that the system would, by its internal logic and dynamism, spread prosperity to the underdeveloped parts of the capitalist system if only the governments in these countries would learn proper management of their economies, create favourable conditions for the inflow of private capital and generally ensure stability.

The rise of the welfare state on the wave of high growth rates and full employment strengthened the faith in the important role of growth of GNP as a key indicator of success. It was, to be sure, conceded that underdeveloped countries while striving for high rates of growth would have to downplay matters relating to equity until such a time that their incomes had attained a certain level when the initial inequities generated by rapid growth would begin to decline. The beauty of the whole thing was that governments needed not do anything about inequity since the empirical record (the so-called Kuznet's Hypothesis about the relationship between growth and equity) showed that market forces, while generating inequity in the initial stages, tended to lead to more equitable distribution of income in the long-run. Thus the «evidence» from the advanced countries tended not only to promise rapid growth but also equity in the long-run.

Actual experience in the periphery did not provide much solace to the poor of the earth nor did it justify the optimism in the advanced countries. First, the promised economic growth proved extremely elusive and where it was achieved it did not seem to bring nearer the day when the «turning point» from more inequity to increased equity would be reached. Furthermore literature from the periphery began to show the contradictory nature of the growth process on a world scale. Here the work of such economists as Prebisch and the ECLA school played an important role in revealing the now widely accepted fact that the rules of the game as presently played did not in anyway guarantee co-prosperity (2). Indeed in the Prebisch and the Latin American schools' views there was something structurally or inherently vicious in the form of the relationship between the periphery and the centre so that progress in the latter could easily lead to stagnation in the former. Thus, for instance, technological progress, by creating substitutes for the primary products of the periphery would tip the terms of trade against those of the periphery, the welfare state, by making full employment politically expedient would lead to a rigidity of prices so that technological progress would not necessarily be accompanied by the lowering of prices of goods imported from the centre; the rationalisation of the production processes through concentration of production structures to capture the benefits of scale economies would entail that while primary producers sold their products under competitive conditions the producers of industrial goods enjoyed the advantages of monopsonies in the primary commodity markets and those of monopolies in the selling of their industrial products to the periphery economies.

On the political front the rising nationalism and the response of the imperial economies clearly brought out the exploitative nature of the prevailing relationship and even after independence had been grudgingly conceded, it became clear that the basic economic relationships had been sustained and institutionalized by a whole arsenal of multilateral and bilateral arrangements. Attempts at national reconstruction within the prevailing order proved a veritable uphill struggle.

Following the analyses of the ECLA school, it was believed that one way of changing the prevailing economic order was by restructuring the economies of the periphery through *import substitution*. An important expectation was that implementation of an import substitution strategy would reduce the role of the export sector whose tribulations in the world economy (through non-equivalent exchanges, instability etc.) had wrought havoc on the development efforts of the periphery. Such a strategy, by drawing industry to the periphery, would increase the technification of production in these countries, create new employment opportunities, reduce dependence on imported and highly-priced industrial goods and improve the bargaining position of underdeveloped economies. It would also lead to increased economic independence of the underdeveloped economies. In some more optimistic versions, such a strategy would even bring about increased democratisation by producing «middle classes» who were allegedly the standard-bearers of democracy. In the case of Africa, the adoption of such a strategy was not preceded by any elaborate theoretical or empirical work. It simply was «in the nature of things» that import substitution was adopted. In its favour was the fact that it appeared as a basically painless strategy for the

new ruling elites since it made virtually no demands on them. It called for no redistribution of income; it promised to produce or, more correctly, to assemble as soon as possible all the luxuries at home; and it fitted in neatly with the dominant faith in foreign investment and the new interest shown by the transnational firms in direct investment.

In the event, the adoption of this strategy did not change the prevailing international economic order. The reliance on the export of primary products was deepened by the need to solve the new balance of payments problems concomitant with the importation of material essential to the new industries and the need to cover the increased outflow of surplus through various mechanisms developed by the transnationals. Politically, the new industrial structures and their reliance on transnational firms required forms of stability often clearly inimical to democratic styles of development: And generally economic dependence was deepened through technological and financial dependence on transnational corporations (henceforth TNC's).

SOCIAL BASIS OF «OLD» ORDER

It is important to recall what social forces lay behind the adoption of this strategy. In the centre economies TNC's readily accepted the import substitution strategy in the periphery since it allocated to them an obviously lucrative role. Not only did it introduce a necessary element of management in the underdeveloped economies (development planning) it also guaranteed protected markets. The strategy further accelerated exports to the periphery of precisely those goods that embodied much of the new technology, plant and equipment. On the other hand, by necessitating continued reliance on the export of raw materials by the periphery the strategy did not pose any threats to the markets in the advanced countries. This point was particularly appreciated by those fractions of capital engaged in «classical» industries such as textiles, iron and steel, ship-building etc. It also served the welfare state well since while encouraging exports of goods from the new industries, it posed no threat to employment in the relatively more labour intensive «classical» industries and it guaranteed a steady supply of cheap imported raw materials from the periphery economies. Multilateral funding organizations such as the World Bank were easily fitted into this scheme of things, their role being to facilitate the penetration of periphery economies by TNC's through provision of infrastructure.

From the perspective of the centre things were thus undoubtedly moving well and no particular social groups (other than racial and national minority groups) seemed disadvantaged by all this. And social scientists were ready to prepare manifestos declaring the «end of ideology» since it now appeared that the «post-industrial state» had finally solved or brought under social control the various contradictory aspects of capitalism that had bedevilled it since its very inception. The «Class harmony» prevailing in the centre economies suggested that some of the basic features of the system could be internationalized (through economic aid, foreign investment, «modernization», green revolutions) to lead to an end to international conflict within the «Free World» (3).

At the periphery, the new elites found the alliance with transnationals generally profitable. Their incomes earned either in commerce and

speculation or as salaries in pseudo-managerial posts in the TNC's guaranteed them vertiginously increasing standards of living. To be sure, their economies were still troubled by balance of payments problems; their exports received low prices; their economies were increasingly dependent on foreign control but all this could be partially solved during «Development Decades» in which more foreign aid and investment could be forthcoming to bridge the various «resource gaps». Prosperity in the centre would sooner or later trickle down to their economies. It is true that some of the vocal fractions of the ruling classes expressed their chagrin at the low levels of aid and deteriorating terms of trade but even these complaints were thought basically manageable within the existing socio-economic order.

The more threatening forms of discontent came from social groups either marginalized by this process or exploitatively integrated into the order. In particular, the peasants were to bear much of the burden of this process. They had to generate (through «marketing boards», poll taxes, distorted price structures etc.) the surplus necessary to cover the import needs of the new industries. As it is now known the new protected industries proved inefficient and could only be profitable by charging high monopolistic prices, turning the terms of trade against the rural sector. At the same time, the state apparatus demanded by the new industries became an expensive affair necessitating a whole series of taxes on such basic goods as cooking oil, matches, salt, etc.

The position of the working class has been a source of controversy in Africa. While political discontent has been conceded for those large fractions of the working classes employed in small labour intensive industries, it has been argued that a «labour aristocracy» has emerged along with the import substitution industrialization (4). This putative «labour aristocracy» has been co-opted politically and economically and cannot be the basis for radical social change.

«Leftist» advocates of this view argue that in the sector dominated by oligopolistic TNC's, workers have been able to obtain wages that are far superior to those of workers in the competitive sectors. Some of the factors accounting for such high wages are: the labour union activities of the workers themselves, the ability by the large firms to pay high wages, the desire by these firms to «stabilize» their labour force and finally the interaction between wages and technical change in such a way as to generate a wage-technique spiral. The privileged position of the workers in this sector is then said to account for the lethargy and conservatism of the labour force. From the «right» wing a similar thesis has been advanced in order to buttress arguments calling for a «crunch on wages» and removal of minimum wage legislation.

In these views of things, the privileged layers of the working class have provided political support to peripheral capitalism and its attendant dominant classes. Closer examination of African economies suggests, however, that the existence of such a quiescent «labour aristocracy» is, to say the least, highly exaggerated. Sandbrook has challenged the thesis in a persuasive and well-documented article (Sandbrook, 1972). He points out that the theory does not provide precisely defined categories for its analysis nor is it borne out empirically in the African context. And in any case, even if the alleged privileges were to be established, the thesis would still be uncon-

vincing because «it is simply too crudely materialist in drawing an unmediated link between objective conditions and political behaviour».

However the telling argument is that African governments have not complacently treated this putative «labour aristocracy» as a close ally in the strategy of dependent, import substitution industrialization. In virtually every African country labour movements are severely restricted. Furthermore, the penchant of organized African workers to join populist movements clearly indicates that they view themselves much less than an aristocracy. The repressive nature of African regimes and the populist tendencies in the African labour movement suggest that the strategy thus far pursued did not enjoy widespread support among workers.

THE NEW INTERNATIONAL DEVELOPMENT STRATEGIES

By the end of the 1960s and definitely by the beginning of the present decade, the stability and dynamism of the post-war era received their first shock. Economies of the advanced countries entered a period of rising prices and declining production and employment (so-called stagflation). The Bretton Woods Monetary System underpinning the dominance of the dollar collapsed. OPEC countries demonstrated the tremendous potential of collective action by periphery countries and Third World countries increased their calls for NIEO which would provide more and better outlets for their exports to escape the import substitution impasse. Although the advanced countries were initially generally sceptical about the need for NIEO, the reality of stagflation compelled them to begin to lean towards some kind of NIEO so that instead of simply rejecting the need for one, they chose to actively participate in various «dialogues» to shape a new order. At about the same time international agencies such as ILO and World Bank «discovered» poverty in the Third World and a new development strategy — The Basic Needs Strategy — (BNS) was brought on the international development agenda.

The wide acceptance on a general and abstract level of both NIEO and BNS conceals a wide range of interests and a plethora of perceptions of these twin objectives. The versions of the two strategies that will ultimately dominate will depend largely on the strength of social forces behind each one of these strategies. From a historical perspective, it is interesting to note that the dominant actors on the world scene are precisely the ones who were behind the previous models of development and the international division of labour. The question that immediately arises is: given the present constellation of social forces — both internationally and nationally — what is, in the African case, the historically likely combination of these strategies? To answer this question we must briefly examine the major social forces today and their immediate interests in and conceptualization of these strategies.

However, before carrying out this exercise, we shall, *en passant*, make brief mention of one other basis of the new concern for change both on the national and international level. On the ideological level there has been the humanistic and egalitarian conceptualization of these strategies that has been expressed rather innocuously by international organizations (governmental and non-governmental) and by academics. This version of BNS and NIEO

is founded on what is allegedly the spirit of our times which stresses global and local justice and equality. To the extent that it serves as an open or veiled critique of the prevailing capitalist system, such a conceptualization is of political value in that it suggests new vistas of a world of «passionate possibilities». But beyond this purely political and ideological role, it serves very little and always carries with it the danger of obscuring the real issues by the utopian mould within which it is cast. We shall therefore not deal with this part of the story.

THE NIEO: SOCIAL BASIS IN THE PERIPHERY

Of greater interest are those versions of the NIEO and BNS advanced or upheld by groups who have the power to impose at least parts of their versions and those groups who may gain or lose from the imposition of such versions. Let us start from the periphery. The ruling classes at the periphery have generally stressed the NIEO and relegated the BNS to the realm of concessions often made grudgingly. As already indicated, their interests in the NIEO was mainly provoked by the failure of the import substitution strategy to guarantee self-sustaining growth. The industrial development deadlock brought about by that strategy compelled the Third World Governments to shift from an import-substitution strategy towards an export-oriented type of development. If their earlier demands had been for aid they now turned to problems of trade. Increased revenues from the export of better priced raw materials, manufactured and semi-manufactured goods were expected to (a) solve the balance of payments problems (b) provide other markets for their industries and (c) generally promote economic growth. Examining the formulations of Third World demands (at least the earlier ones) one is struck by the absence of any specific indications of the internal reforms to which the demands for NIEO would be organically linked. It could be argued that the welfare of the masses might be increased if the export of labour intensive commodities were stimulated by NIEO but even this expectation is rarely contained within a coherent programme of social reform. Nor are some of the expectations about the distributive impact of such a strategy empirically borne out. Sabolo (1980) shows, for instance that despite rapid growth in per capita incomes, industrial production and exports since the 1960s employment has deteriorated on the whole in all regions of the Third World. In several African countries improved export opportunities for agricultural products has drawn politicians, bureaucrats and other members of the ruling classes to agriculture with the result that problems of land concentration and alienation have now become a common feature of large portions of Africa. Furthermore, export promotion strategies have demanded extreme forms of «labour discipline». In any case, an export promotion strategy not accompanied by a deliberate programme for internal reform is no guarantee that the benefits of export-led growth will be shared by all (5). It was only later that the demands for a NIEO were to be linked to the internal strategy of BNS and this by a way of concessions on the part of Third World governments to the pressures from the governments of the centre economies.

THE NIEO: SOCIAL RESPONSES AT THE CENTRE

We have already noted the initial scepticism by the centre to any calls for the NIEO and the changing attitudes towards it. It is important here to examine the possible coalitions at the centre in the course of the emergence of some versions of NIEO.

Two important factors will greatly affect the form of a new order that is acceptable to the centre as a result of various deals and compromises resulting from the conflict of interests on both the global and national level. The first is the struggle among capitalists for the world market and the concomitant search for cheap raw materials and production sites. The second is the struggle between labour and capital. At the purely economic levels, Kjellberg (1979) has identified two competing groups in the advanced capitalist countries as far as attitudes towards «free trade» are concerned. One group consists of international commerce (mainly importers) and oligopolistic TNC's and the other consists of labour and domestic capital which will tend to be concentrated in such «classical industries» as textiles, shipbuilding, iron and steel (6). The objection by the latter group to increased penetration of their markets by goods from the Third World economies is based on the fear of increased competition. Since these industries are relatively labour intensive, labour considers their preservation as vital to its struggle for full employment in the advanced economies. Economic theory teaches that the restructuring of production away from industries in which the economy does not enjoy comparative resources advantage would be of benefit to society. Workers would be shifted to industries in which their productivity (and wages) would be greatly enhanced. The importation of the labour intensive goods from the Third World would further increase their real wages by lowering prices of imported wage and other goods.

Labour has generally not been easily seduced by these abstract considerations. In the first place, while an allocation of resources according to the comparative advantage principle may increase welfare to the «world as a whole», it does not specify the distribution of these gains among different nations or classes so that for all practical purposes and especially in the short-run such gains are purely hypothetical. Nor does the «free trade argument» guarantee re-employment of all displaced labour. The second argument – the presumption of competitive markets that would convert low import prices into low consumer prices – is a rather shaky one given the prevalence of monopolistic practices in the commerce and distribution sectors. On the effects of lower tariffs in the EEC, Kjellberg reports that interviewed importers disclosed that their pricing policies generally were unaffected by the prospects of preferential access and that in any event they hardly felt a competitive need for passing on their «tariff savings» to allow a lowering of wholesale and retail prices for the benefit of EEC consumers. Furthermore, the importers disclosed that «tariff savings» barely influenced negotiations of cost prices of Third World exports since Third World producers appeared in most cases to prefer increases in volumes over increases in unit costs – Kjellberg adds:

«Therefore, inasmuch as the «tariff savings» from preferential imports were, for the most, neither passed on to EEC consumers nor to Third World producers, it was not surprising to learn that

many importers referred to such «savings» as «windfall gains» on their part».

Furthermore, economic theory does not specify the length of the adjustment period or the incidence of benefits and costs. What labour knows is that the restructuring of capitalist economies has so far led to massive unemployment and movements of populations. Labour's normal social instinct is therefore to resist any order that forces it to compete on the same labour market as «cheap labour». Such resistance by labour has taken various forms. Thus the International Confederation of Free Trade Unions (ICFTU) has put forward the idea of a so-called «social clause» in connection with GATT trade negotiations. The purpose is that all countries that participate in international trade should be forced to guarantee certain basic social conditions for the workers. Only countries that guarantee reasonable conditions for their workers would be entitled to tariff reduction in accordance with the most-favoured-nation principle (7). The idea of a «social clause» is being taken seriously by some European social democratic parties and regimes (Arnell, 1980).

The TNC's would on balance favour a restructuring of the world economic order so long as their privileged role in international trade is not threatened. As Green notes (Green, 1975) the TNC's are the «major standard bearers of planned capitalism, including free trade», «free trade» not in the naive textbook sense but «free trade» denoting the right of the strong to invest, produce and trade where they want. Several important demands of the periphery ruling classes while not always desirable are at least compatible with TNC's interests and practices. It is clearly in the interests of the TNC's to relocate the labour intensive parts of their production processes to areas where labour is plentiful and cheap, as long as these locations also offer some security (Helleiner, 1973, Reuber, 1973). TNC's will therefore not look favourably to any restrictions on the trade of such goods except where such restrictions are supportive of their global strategies.

Even the more «radical» components of Third World demands (such as sovereign rights over their natural resources) are not a cause for much concern to the TNC's whose technological dominance enables them to virtually decide at what stage of the processing of natural resources they will make their profits. As Third World countries demonstrate that «nationalization» does not lead to disruption of supplies, TNC's will readily adjust themselves to this type of nationalism. And to the extent that governments tend to over-invest in the mines, «nationalization» may actually increase output. Furthermore, by assuming the risky part of the mining process, governments may actually relieve the TNC's of the headaches caused by widely fluctuating markets for raw materials.

It is for this reason that some have argued that the periphery ruling classes have a valuable ally in the TNC's. It is true that in the confrontations between governments of periphery and the centres (UNCTAD, North-South Dialogue) the TNC's have remained rather aloof. It is equally true that TNC's have tended to view some of the Third World demands as rather obnoxious. This pertains particularly to those resolutions calling for an increased role for TNC's in the transfer of funds and technology while at the same time advocating a set of measures to reduce the underdeveloped countries' dependence on

such corporations. The TNC's spokesmen will object to the assumption that one can expect much from TNC's while stripping them of all the factors necessary for their effective existence as monopolies on a global scale. Part of the reticence by TNC's may be a reflection of their doubts about the nature of the international fora in which the debates on NIEO are pursued. It appears that the TNC's would prefer a country by country, sector by sector and commodity by commodity approach. In any case when it has been to their benefit, TNC's seem to have lobbied successfully for entrance of some manufactured into markets of the advanced countries. Not only is a substantial export of manufactured products from the Third World in the form of «intra-firm» trade but tariffs have been cut most on products traded internally by TNC's (Helleiner, 1979) (8).

For some this has been turned into a cornerstone of a new export-oriented strategy whereby the underdeveloped countries can acquire relatively easy access to OECD markets provided that they deal through the most powerful marketing and producing enterprises – the TNC's (9). An underdeveloping country which is weak and without linkages in the importing countries is likely to face trade barriers which are the product of the combined pressure of labour and domestic capital within that industry (Helleiner, 1978). The implications of such a choice involving reliance on TNC's in order to penetrate the markets of the advanced capitalists will be examined below.

BNS: THE SOCIAL RESPONSES IN THE PERIPHERY

The Basic Needs Strategy is a brain-child of the centre economies and international organizations. And almost right from the beginning, the ruling classes of the Third World were sceptical of and at times hostile to the introduction of the strategy in the international development debate. Their scepticism was founded not only on the dismal performance by the advanced countries as supporters of the poor but also on the justifiable fear that the sudden interest of the rich countries in «poverty» was a ploy, a means of diverting attention from the real issues, namely the need for the restructuring of the world economic order. They also suspected that BNS was a «cheap option» through which donor countries are attempting to avoid large transfers required for development. They further feared that the basic needs approach would relegate the underdeveloped countries to the realm of underdevelopment or «Third Best» development since such a strategy would lead to lower rates of growth and, through its insistence on so-called «appropriate technologies and consumption patterns», would keep them in a permanent state of inferiority. It would lead to a «duality» of lifestyles (one for the rich and another for the poor) that they found unacceptable. Furthermore, the «Middle-Income» underdeveloped countries, the BNS approach implied a reduction of aid flows to them. And finally, it was feared that the BNS approach would increase the amount of interference in the internal matters of recipient countries (10).

The fear of interference is not merely a reflex reaction of newly independent states nor is it a case of paranoiac chauvinism. Consider the following statement by J. N. Mchale (1977) :

«Even if the newly-recognized moral imperative makes the meeting of minimum («First floor») human needs a first charge on world resources and on the energies of international institutions, it is still true that the task of defining people's needs and formulating a strategy to meet them is first of all the responsibility of each nation. But if a nation needs international co-operation to carry out such a strategy — that is, if it is going to make an effective claim on world resources and international institutions — the international community is going to want to know what needs are defined as minimum, and for what international strategy to meet them is required. Another kind of bargain is implicit in the New International Economic Order: the reform of the international order depends on internal reform in co-operating nations».

The same view is advanced by Mahbub Ul Haq, a Pakistani and the World Bank Director of Political Planning, when he calls for «conscious intervention» in the internal affairs of underdeveloped countries. He states :

«This may be shrugged off as imperialistic intervention by some donors, who are often criticized on this score anyway and are reluctant to get into any further controversies. But it is seldom recognized that the very act of foreign assistance is itself an act of intervention in the economic and political affairs of a country and, if one must intervene, one should at least intervene in a good cause». (Mahbub, 1976).

These sanitised affirmations of the current practice of incessant interference in the internal affairs of the underdeveloped countries give credence to some of the fears by Third World governments of the political and diplomatic implications of the enthusiasm with which the BNS approach is advocated and propagated. Furthermore, it strikes a blow on one of the cornerstones of Third World leaders' demands, namely, sovereign rights over their nations. To the extent that there is some honest sense of national outrage in the proclamations of the Third World countries, such an interventionist attitude would make the reception of the BNS approach rather lukewarm among the ruling classes of the Third World.

In addition, the link between growth and BNS has not yet been established to the satisfaction of the ruling classes in Africa. A large number of studies have sought to make the BNS attractive by establishing that such a strategy is not incompatible with the high growth rates aspired to by the rulers of the underdeveloped countries. ILO studies, the World Bank (1980) and several other individual scholars have marshalled empirical evidence and developed planning models reconciling growth with BNS. Thus Singh (1979) asserts that a properly conceived basic needs strategy should in general posi-

tively aid Third World development. The case of China's industrialization is his strongest example (11). Unfortunately Singh and others who cite the Chinese experience base their case on the assumption that Third World ruling circles are seeking for *any* kind of industrialization. African leaders are definitely not looking at China as an example since quite obviously the socio-political pre-requisites for Chinese industrialization are anathema to them.

This brings us to a more basic reason why the ruling classes of the Third World are opposed to BNS. For the undiluted versions of BNS, those that call for democracy, equity and participation, it is clear that «radical institutional changes» are envisaged. Or, in the words of Mahbub Ul Haq, (1976), «Fundamental institutional reforms are, in fact, the essence of the new development strategies. At the heart of these reforms is a change in the existing control over the means of production and access to key services». In view of the «enormous economic power» which the rich enjoy and exercise, Mr. Haq observes that it may take entirely new political alliances to implement basic human needs strategies in these countries, and ends by noting that the restructuring of economic and political power needed to implement the policy at the local level «cannot happen without a mass movement or a popular revolution». Coming from a World Bank official these are strong words indeed. However, if these are the preconditions for a fundamental basic needs strategy, they are such as to make it unacceptable to all the dominant social classes today.

The ruling elite in the periphery will oppose it for the simple and straightforward reason that it would totally undermine their privileged political and economic positions. And even granting the economic dependence of these ruling classes in Africa, they still enjoy sufficient political autonomy to block or frustrate any externally imposed restructuring of their economies. The fate of the famous ILO report on Kenya is very illuminating indeed (12).

Other social groups, especially workers, urban poor and peasants would be expected to support a BNS strategy. The recent upsurge of populist military coups in Africa and the popular support they have received from these social groups suggest the potentialities of such an alliance. However, the present alignment of social forces (both internal and external) demonstrate that such populist uprisings are not, for the moment, capable of formulating in a coherent manner a BNS strategy and still less are they capable of carrying out one. Where such populist pressures have become strong, the result has been a socio-economic impasse in which whatever dynamism periphery capitalism has is blunted without being replaced by effective action by the state or other social forces.

BNS: THE CENTRE'S VERSION

A closer examination of the centre's interpretation of BNS clearly shows that the Third World elites' fears of socialist revolutions staged by the World Bank or ILO are, to say the least, highly exaggerated. There is simply no serious threat of such a radical restructuring of the internal structures ever being sponsored or imposed by the advanced countries, Mr. Mahbub notwithstanding. Evidence from Cuba, Vietnam, Chile and elsewhere shows quite reassuringly that the ruling classes in the centre would oppose such a far reaching social restructuring through «popular revolutions» which would

entail political instability (Hansen, 1979), and, worse, would be «socialistic» and, *ex definicione*, unacceptable to the «free world».

Even in the milder forms put forward by the ILO, TNC's would consider such reforms as liable to produce a degree of instability in the periphery countries incompatible with good business conditions. Furthermore, such a strategy would be less lucrative to TNC's than the present practice in highly protected markets. Such policy recommendations as the introduction of «appropriate» factor prices together with the fiscal and monetary policies associated with them would question a large number of organizational and production processes applied by TNC's and might limit established markets for a whole range of products provided by them.

There is, of course, a version of BNS which certain social forces in the centre would accept. In general metropolitan domestic capital and labour will not have much cause (beyond the wider ideological implications of such a strategy) for opposing some kind of BNS. In the case of workers, two arguments would tend to favour BNS. In the first place, by raising labour costs in the periphery, such a strategy might prolong the competitive life of some of the moribund labour intensive industries in the centre (13). A second argument is that goods produced to meet the basic needs of the poor of the Third World may simply not be exportable to the advanced economies and would therefore not *pose any threat to their already beleaguered job security*.

On the political level, the BNS has an important part to play in the global security of the capitalist system (14). The «enlightened» sections of the ruling class in the centre have begun to see the political explosiveness of the so-called «extreme poverty». These apprehensions have received the most vocal (and oftentimes touchingly naive) expression in the various pronouncements of the leading sections of the ideologues of the ruling circles who never fail to pepper their speeches with forebodings of impending «social disintegration». Since Vietnam, it has become increasingly clear that the security of the West can no longer be primarily guaranteed in the periphery by the use of military means but need to be supplemented by the employment of capital to promote economic growth and hopefully social development (ploughs instead of tanks). «Doing something» about mass poverty is therefore a dictate of political reason.

NIEO AND BNS: LIKELY OUTCOME

If our lengthy, albeit schematic, analysis of the alignment of social forces is correct, we should expect certain versions of these twin international development strategies to prevail. All evidence in Africa shows that the ruling elite seek increased, albeit less humiliating, partnership with TNC's and that their immediate interests lie more in an export-oriented (and, therefore TNC-dominated) development. The alliance between these two forces makes it idle to talk about alternative strategies based on African mass interests or even African national economy interests. Whatever version of BNS will emerge it will be a watered down «poverty program» aimed at keeping the «restless natives» in check and not for the development of societies in which the masses are the subject of their history.

As for the NIEO there are already fundamental changes taking place in the international division of labour although this tends to be obscured by the staged «Stalemates» at international fora. The classical division of labour – on the basis of which a small number of industrialized countries and an even much larger number of underdeveloped countries stood ranged against each other – is being replaced by a *new* international division of labour. As noted by Frobel and his associates (Frobel et. al., 1978):

«For the first time in centuries the underdeveloped countries are becoming sites for manufacturing industry on a vast and a growing scale. Concomitantly, the new international division of labour entails a growing fragmentation of the production processes into a variety of partial operations performed worldwide at different production locations».

This new order is emerging under the aegis of the TNC's and, as presently patterned, seems in no particular need of a full-fledged basic needs strategy. Of course this order, like the old one is characterized by uneven development and some of the hope placed on it as a solution to low levels of economic growth may have been misplaced. More specifically the expectation that NIEO, by providing lucrative outlets for manufactured, semi-manufactured and primary products would lead to the same rapid development as that experienced by Taiwan, S. Korea, Singapore and Hong Kong is founded on dubious analogy. The end of reconstruction in Europe and the present recession combined leave very little room for the repetition of the «economic miracles» of these four countries. Between 1963 and 1973 OECD countries imports of industrial goods from the four countries went up from 0.5 billion U.S. dollars to 16.72 billion U.S. dollars. During the same period, while OECD countries imports of industrial goods from among each other went up eight-fold, imports of industrial goods from the four countries went up 30 times. Because of the relative small size of these countries such a dramatic rise in their exports of industrial products did not necessitate painful transformations in the economies of the centre. And although «voluntary restrictions» on exports from these countries have been imposed at times, given the rapid growth of OECD countries and the smallness of the exporting countries, the former were able to absorb the export expansion. In view of the slow rates of growth in OECD countries, unemployment and inflation, it is doubtful if the advanced countries have the capacity to import industrial goods from all Third World countries on so vast a scale. If anything, what we witness today is increased protectionism through tariff and non-tariff barriers. (UNCTAD, 1978).

We are not suggesting here that there is no room for further increase in exports of industrial products. Underdeveloped countries can acquire relatively easy access to OECD markets provided that they deal through the most powerful marketing and producing industries and provided such trade is considered «complementary» and not competitive or disruptive. It has been observed that while the industrialization of the underdeveloped countries and the reconstruction and growth of the OECD countries between 1950 were to a large extent complementary, today's further industrializa-

tion and growth of these blocks of countries is more competitive. As defined by Sayers (1965) economic growth elsewhere is «complementary» to the extent that it creates demand for a country's product; it becomes «competitive» in so far as it creates alternative sources of supply. According to Singh (1979), the period 1950 – 1960 of import substitution in the Third World was complementary to the developed economies as it led to increased demand for their industrial products, especially capital goods. However subsequent expansion of the industrial base in the Third World has created alternative sources of supply which are becoming increasingly competitive. Singh suggests that it is this evolution which provides explanation of developed countries' changed attitudes towards aid and trade programmes, and which vitiates world-wide adoption of export-oriented strategies.

The more likely restructuring is the one integrating a few countries in the Third World into a new international division of labour while relegating the rest to their traditional roles as suppliers of primary products. In fact among the strategists of the capitalist system's security it is openly admitted that such an integration of the periphery system into the new order will necessarily be *selective*. To quote Hansen, (1979):

«Perhaps the most predictable aspect of the North-South relations in the coming decade is that a major ingredient of any aggregate Northern strategy to ease present degrees of North-South tension and overcome the present stalemated system will be the adoption of a range of policies that attempt to integrate the upper-tier developing countries into the present international system». (P. 173).

This process of «graduation and integration» is intended to co-opt those «upper-tier» countries who have in common a potential (or actual) capacity to interfere with the achievement of Northern countries domestic and foreign policy. From Black Africa only Nigeria is explicitly mentioned. Others are Brazil (for growing industrial importance), Saudi Arabia (for emerging financial importance), India (as political nuclear power with significant military potential). Other unnamed countries belong to this category by virtue of their «strategic geopolitical importance». As presently conceived, the process of «graduation and integration» would, in the long-run apply to all; however, in the meantime «lower-tier» countries should be content with poverty-oriented programmes.

THE AFRICA CASE

Quite apart from the deliberately «selective» integration of a few African countries into the new international economic order, much of Africa is singularly incapable of benefitting from several of the changes envisaged to apply to *all* Third World countries. The low levels of industrialization and export capacity, the lack of skilled labour, the poor social and economic infrastructure, the political balkanization and resultant economic fragmentation, all militate against Africa's beneficial participation in the emerging international division of labour due to redeployment of industries by TNC's.

In addition to, and, perhaps, above all these is the «political instability» of African countries. The political economy of a TNC-dominated export-oriented strategy requires not only cheap labour but a highly «disciplined» one. Recent studies suggest that although availability of cheap labour is an important factor in the TNC's redeployment decisions and their promotion of manufactured exports from poor countries, labour cost differences *within* the poorer areas of such countries do not explain the location decisions by the TNC's on which countries they select for their activities. It is the combination of «political stability and labour docility» (Nayyar, 1978), best assured by systematically repressive regimes, that is the cornerstone of TNC-dominated growth strategies. In the words of Cox (1970),

«Regimes which rely substantially upon TNC's to produce growth have consciously sacrificed the «less fit» among whom the socially marginal loom larger and larger. This is politically possible only if the less fit remain unable to protest effectively and if such protest as they do make can be effectively repressed: repression becomes a condition for a pattern of growth which generates marginality».

As pointed out by Vaitos (1976) the relationship between growth through certain operations of the TNC's and local authoritarian regimes is not simply the result of political conspiratorial alliances. More than that, he adds, «such a relationship represents a historical symbiosis which emanates from the logic of political economy». This analysis is supported by a whole genre of research on authoritarianism and neofascism in the underdeveloped countries and the political economy of TNC-dominated, export-oriented strategy (Ahmad, 1980; Chilchinsky et. al., 1980).

Now, although a large number of African countries are repressive, they have yet to refine the art of repression to the levels of Brazil, South Korea, Taiwan or South Africa. Much of the repression in Africa is unsystematic, highly personalized and at times ridiculously idiosyncratic. This is largely a reflection of the incoherence of class formation in Africa so that the instability of a large number of countries is a result not of the onslaught by the popular masses on the state apparatus but of intra-elite conflicts over the booty (15). Until such a time that the ruling class in Africa clearly identify their common interest they will not be able to establish the necessary conditions for the alliance with transnational firms that they so avidly seek. It is thus unlikely that we will witness in the near future a significant redeployment of export-oriented industries towards Africa under the aegis of the TNC's (16).

A «SPECIAL STRATEGY» FOR AFRICA ?

The pessimism about Africa's prospects under NIEO has persuaded some to advocate a «special strategy» for Africa primarily aimed at meeting the basic needs of her impoverished millions. In the well-known World Bank study, *Redistribution and growth* (Chenery, 1974), African countries fall under the typology (one of six) characterized by abundant land and a comparatively low concentration of ownership, a low level of urbanization and a low per capita GNP. For this typology, the strategy proposed is some-

thing closely akin to BNS: a rural-based strategy with maximum attention paid to land consolidation and increases in the productivity of small farmers and including carefully devised «delivery systems» for resources and services to the large numbers of small farmers and urban petty producers.

Several other writers on Africa and NIEO (Ghai, 1972; Shaw and Griewe, 1978; Arnold, 1980) are of the opinion that the «cornerstone elements of NIEO are only of marginal relevance to Africa's development prospects in the next few decades» (Arnold, 1980) (17). Increasingly African governments seem to be of the same opinion. Probably the clearest indication of this growing pessimism among African leaders was the tone and direction of the OAU Economic Summit held in Lagos this year (1980). Although new calls for NIEO were expressed this was done in a rather perfunctory or ritualistic manner. The main emphasis was on some kind of pan-African self-sufficiency and co-operation.

It ought to be pointed out here that while African leaders shared the pessimism about Africa's future in NIEO, they did not draw the same conclusions as some of the authors and organizations who argue for a special African strategy to meet the basic needs of the people. This is not to say that BNS has been banished from official discourse in Africa. It may still be considered by African governments if they are «bribed» into it with the often touted «massive transfers of aid to Africa» or «a Marshall Plan for Africa». In the very likely event that such transfers will not occur, African governments will continue to half-heartedly permit international and other donors to experiment in their backyards with various basic needs or «anti-poverty» programmes especially when the foreign advocates of BNS bring with them their own gadgets, personnel and funds. But it is most unlikely that given the class character of the state in Africa, the fiscal crises afflicting virtually all African countries and the constellation of social forces, a truly BNS strategy will be adopted in Africa in the next decade or so.

What then are the options open and acceptable to the African ruling classes and their actual and potential foreign allies? If we assume that the African ruling classes now fully understand the real depth and dimensions of the African crisis and are seriously reflecting on solutions to the impasse (18), and that some of their recent pronouncement and action reflect their preoccupations with the African crisis, we are led to the following options: (a) African governments will increasingly seek more regional co-operation and (b) they will seek special relations with the international community – the Lome Convention being a precursor and the setting up of such special institution as Afro-Arab development finds another good example.

In their efforts at regional integration they will find support from virtually all western countries (19) and from the TNC's. Contemporary transnationalized capitalism finds the present balkanization of Africa a hindrance to the utilization of its modern-day, large scale technology and organization skills. Some regrouping of the frustratingly fragmented markets would permit the TNC's to participate in import-substitution industrialization as they have done in South Africa, Brazil and elsewhere.

Attempts at regional co-operation will rhetorically be called «collective self-reliance» but there is good reason to believe that such co-operation will lead to «collective dependence» (20). Our conclusions stems from the

fact that ultimately regional co-operation as understood by African governments and pan-African technocrats is intended to facilitate a second phase of an import substitution strategy on a regional or continental basis. Because of the lilliputian markets of individual African countries, the import substitution strategy thus far individually pursued reached the impasse at extremely low levels of industrialization as compared to levels of income of countries of Asia and Latin America pursuing the same strategy. The local markets became «saturated» before even the most rudimentary forms of industrialization had been set in motion. African countries cannot, therefore, be expected, as they are usually urged, to switch from a non-existent import-substitution industrialization to an export-oriented one. They simply do not have industrial products to export. What they are more likely to try is to deepen the import substitution strategy by widening their markets through various forms of regional co-operation.

«TRIANGULARISM»: AFRICA, EUROPE AND THE ARAB WORLD

African-Arab relations, which have a long history, have been intensified in recent years. For a number of years, this relationship evolved around the common goal of the liberation of occupied territories. However, with the «oil crisis» and the growing economic power of the oil-producing countries, African countries saw opportunities for economic relations with the Arab countries. At the same time, European diplomacy sought to establish new Euro-Arab relations in which Europe would provide the technology while the Arab countries would provide the oil. In the meantime, African relations with Europe had been cemented by the Lome Convention associating African countries to the European Economic Commission. It is therefore no wonder that these relations would generate interest in some kind of «triangularism». Europe would provide the technology, the Arab countries would provide oil and finance and Africa would be the source of various other raw materials. The African expectation has been stated by Chibwe (1978) as follows:

«We have singled out Europe because of her industrial and technological strength and her traditional ties with Africa. The Arab World, through financial institutions such as BADEA, has buying power which the Africans can utilize to bring industrial and technological power from Europe and America.»

Although it is fashionable to view such triangular relationships as «interdependence» it is clear that the relationship is basically asymmetric (21). At best, it will reinforce the European penetration of Africa through its TNC's financed with Arab money. Such a penetration does, of course, correspond to the interests of not only the African ruling classes but also those of TNC's and governments of the advanced countries. Consequently, the OECD has been busy promoting such relationship in which the recycling of petro-dollars through transnational firms and financial institutions is the principal means. We have indicated above the difficulties of finding «bankable projects» in African countries and the reluctance of TNC's, even in these times of excess liquidity, to invest in Africa. Presumably, one hope is direct

investment by the Arab countries in Africa. Experience so far shows that the Arab funding organizations neither have the institutional and technological capacity nor the willingness to take risks of investing directly in Africa without such «experienced» and «reliable» partners as TNCs.

Finally, «triangularism» does not call for a basic needs strategy of development. Indeed there is good reason to believe that if some of the hopes placed in such a relationship by African ruling classes are to be realized, it will be precisely through the pursuit of a development strategy inimical to the implementation of BNS. We have already indicated the African ruling classes hostility to BNS and the political economy of a TNC-dominated development strategy.

CONCLUDING REMARKS

In the absence of dramatic social upheavals in Africa, we are likely to witness an Africa which is basically marginal to the process of global restructuring taking place among OECD countries, the oil producing countries and the so-called New Industrializing countries. International and national aid donors may continue with some «anti-poverty» programs. The crucial question is: What will the African ruling classes do? The most «optimistic» response is that they will listen to their national and international technocrats and seek some form of regional co-operation. Such a co-operation will form the basis for a deeper process of import substitution industrialization with TNCs playing a dominant role. As is now well-known such a strategy generates increasing inequality and marginalization. It does not meet the basic needs of the masses of the people since the general premise of such a strategy is the satisfaction of existing structures of demand reflecting the uneven distribution of income. Whether such a strategy can resist the revolutionary pressures generated by the resultant social inequities is a question demanding more space than is available, and in any case with our present state of knowledge, the exercise would be largely speculative.

FOOTNOTES

1. Thus the ILO World Employment Conference concluded, «The satisfaction of basic needs is a national endeavour but its success depends crucially upon the establishment of a new international economic order».
2. Marxists, through their study of imperialism had already stressed the uneven development of capitalism. However, for obvious reasons, formulations such as those of the Latin American school, because of their stress on the external rather than internal reforms, were likely to fall on more receptive ears among the ruling classes in the Third World.
3. The communist world complicated things a bit. But with sufficient military might and economic prosperity, communism could be «contained».
4. The most cogently argued case has been made by Arrighi and John Saul (1973).
5. See Landsberg (1978).
6. Transnational capital and commerce are usually represented by Chambers of Commerce while domestic capital is represented by Federations of Industries.

7. See ICFTU (1978). The ICFTU charter is excerpted in the *International Development Review*, Vol. 1, 1979.
8. All that this says is that TNC's may lobby against restrictions on their imports. It does not mean that TNC's will always favour exports. In fact TNC's may inhibit exports owing to the exigences of their global production and marketing strategies, by means of formal and informal restrictions (Lall and Streefen, 1977).
9. The partnership in the export of manufacturers need not be through direct investment or joint ventures. It may be sufficient that large retail buying groups in the metropolitan countries enjoy monopolistic buying positions (Hone, 1974).
10. For a reply by the advanced capitalist countries to these fears and charges see OECD (1978) where the new jargon is «interdependence» coined apparently to diffuse charges of «dependence» from the Third World.
11. Strange as it may seem, the Executive Secretary of the United Nations ECA Adebayo Adedeji could only «readily recall» the Chinese model at a OAU/ECA Symposium on the future prospects of Africa (Adedeji, 1979).
12. See Ghai, Godfrey and Lisk (1979), Leys (1975).
13. This special «insight» by labour corresponds to the well-known opposition by labour to imports from «sweatshops» and the call for «social clauses» in all trade agreements.
14. There is another more cynical function of the BNS rhetoric from the centre. It can be used to create a stalemate in the so-called North-South dialogue by introducing an issue that is hardly palatable to Third World elites. Here, the concern is not humanitarian but simple diplomatic manoeuvre. The strategy is to introduce a plethora of unpleasant issues in the «dialogue» so as to «talk the South to death».
15. These intra-elite conflicts may become generalized as each fraction of the elite seeks support on ethnic or religious basis. Africa is familiar with the devastating effects of these conflicts. The disintegration of the state of Chad is the most dramatic example but, alas, it may not be unique.
16. In a study by Root and Ahmed (1979) on the determination of direct investment by TNC's in non-extractive industries, only Gabon, out of 19 African countries included in the study, was considered «highly attractive» by TNC's, followed by Ghana, Ivory Coast, Kenya, Libya and Malawi which were considered «moderately attractive». The rest were considered «unattractive». It is interesting to note that according to the study frequent changes in government (even when they are constitutional!) deterred non-extractive direct foreign investment.
17. See also Weintraub (1980).
18. Some, like Franz Fanon, who considered the African bourgeoisie as senile at birth, would consider such an assumption absurdly heroic.
19. The former colonial powers may at times seem to jealously guard the ex-colonies but the formation of the EEC, the importance of West Germany and France's relatively strong position in the EEC all speak in favour of various forms of multilateral or collective domination of Africa.
20. The recent opening of the African Development Bank is an illustrative example of the co-optation by foreign capital of attempts by Africans at collective self-reliance and reducing them to «collective dependence».

21. On argument advanced for such a relationship is that the alliance would be a counter-force against the two superpowers. Whatever the merit of this argument, it never explains why European domination of Africa, with or without Arab funds, should be the basis of an alliance with Europe against anybody. Nor does it explain why the struggle against superpower «hegemonism» should take primacy over Africa's economic and political liberation. In any case, countries basing their policy towards Africa on such a premise have invariably found themselves on the wrong side on issues that really matter to Africa.

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RESUME

Dans cet article, l'auteur essaie d'établir un rapport entre deux stratégies qui reviennent souvent à l'ordre du jour dans différents forums internationaux (le Nouvel Ordre Economique International et la Stratégie des Besoins Essentiels) et le problème du futur de l'Afrique. Il passe brièvement en revue les différents groupes sociaux à la fois dans les économies du centre et de la périphérie pour voir laquelle des stratégies ils sont susceptibles de soutenir. Pour le Centre, les Corporations Transnationales tendront plutôt à favoriser des changements dans la division internationale du travail qui facilitent leurs intérêts dans le redéploiement de quelques unes de leurs industries. Les capitalistes des industries «classiques» orientées vers les produits locaux (acier, textile, etc...) s'opposeront à de tels changements puisqu'ils conduisent à une plus grande compétition de la part de nouveaux fournisseurs. La main-d'œuvre des pays développés adoptera certainement une attitude protectionniste et soutiendra la stratégie des besoins essentiels dans la périphérie car cette stratégie ne créera pas de nouvelles sources d'approvisionnement.

En Afrique les classes dirigeantes seront pour une nouvelle division internationale du travail et s'opposeront à la Stratégie des Besoins Essentiels parce qu'entre autres choses elle mine leurs privilèges.

Ensuite l'auteur démontre que, étant donné les niveaux bas d'industrialisation, un certain nombre de changements exigés par le Nouvel Ordre Economique International n'affecteront l'Afrique que marginalement. Ainsi les seuls éléments entre lesquels les dirigeants africains auront à choisir seront soit établir des relations spéciales avec les autres régions, l'Europe et les pays Arabes en particulier (le soit-disant «triangularisme») ou élargir la portée de l'industrialisation de substitution d'importation par la coopération au niveau continental ou régional. Dans ces deux stratégies les entreprises transnationales joueront certainement un rôle important. Cependant la présence active des entreprises transnationales serait défavorable à une stratégie des besoins essentiels puisqu'une stratégie pour le développement dominée par les corporations transnationales est inévitablement fondée sur l'inégalité et l'autoritarisme.