

have to be removed, as, presumably, do all those countries (with the exception of Thailand) which were not then 'official' NICs.

We can already begin to see that new-style industrialization was a widespread phenomenon and that in some countries it began very early. In some, it also failed at an early date.

We also note that, whereas the respective shares of agriculture and industry in GDP determine the position of any given category in the wealth scale from the outset (1960), and whereas the share of agriculture declines in all categories, there is no great change in the share of manufacturing (in the centre it declines as the modern tertiary sector grows). The real difference between, on the one hand, the lower middle-income and low-income countries and on the other, the upper middle-income and industrial countries relates to the relative shares of primary goods and manufactures *in exports*.

Whereas the share of primary goods scarcely falls at all in the two poorest categories, in the upper-middle income countries it falls from 84 to 55 per cent. In the poorest countries, the only category of manufactured goods in which there is any significant growth is 'textiles and clothing' (mostly due to Pakistan and Bangladesh, where this sector represents 37 and 49 per cent of all exports respectively). In the typically Fordist domain of machinery and transport equipment, the upper middle-income countries are increasing the gap. In terms of exports as a share of GDP, on the other hand, the lower middle-income countries are catching up. In low income countries, the ratio of exports to GDP is falling.

The main change relates, then, to the international division of labour. Many countries increased their exports of manufactures, but in the poorest the increase was restricted to textiles (presumably because of the logic of primitive Taylorization), whereas the richest reached the heights of exporting cars, even if, like Brazil, their total exports remain relatively modest.

This brings us to our final observation. Even without studying their internal regimes of accumulation, it is obvious that there are enormous differences between the various

NICS. Mexico and Brazil are still closer to the primary-export model (oil, soya, coffee ...) than most countries in the upper middle-income category, whereas South Korea seems still more remote from it than an industrial country. South Korea probably compensates for that by relying more on primitive Taylorization than Pakistan (if we take the share of 'textiles and clothing' in exports as an indicator). On the other hand, Mexico and Brazil appear to be auto-centred to a remarkable degree (although from 1982 onwards Mexico did launch a major export drive in order to repay its debts).

Size is obviously a major factor in itself. In a 'continental federation' like Brazil, the export/GDP ratio for the South-east region alone must be similar to South Korea's. On the other hand, the ratio of exports to GDP is 65 per cent in Belgium and 200 per cent in a 'trading-post' economy like Singapore.

The size factor is not, however, simply a statistical trap. Brazil has such a vast unitary market that it has sufficient room to manoeuvre to develop a truly auto-centred regime. The dictatorship in fact made poor use of this advantage: with a population of 120 million, a bigger market for consumer durables and even luxuries than that available to Belgium, can develop it only 10 per cent of the population appropriates two thirds of the country's wealth. In South Korea, on the other hand, there is a more 'egalitarian' distribution of wealth. As South Korea is, on average, a poorer country, it consumes less of the consumer durables it produces. These differences had a certain effect on the two countries' uneven ability to 'adjust' to the upheavals of the 1980s.

Diffusion of Accumulation Outside Fordist Industries

The unthinking application of the labels 'Taylorist' or 'Fordist' to industries in countries which are developing through capitalism will no doubt annoy the economists and sociologists of work. And they are right to be annoyed. Of course industries which export clothing are Taylorist, and of course industries which export machinery and vehicles are Fordist.²⁴ It would, however, be an exaggeration to say that

all emergent national industries involve an export-substitution strategy, that all exports come from manufacturing industry, or that, in terms of work organization, all Third World industries are either Fordist or Taylorist.

First of all, the export-substitution strategy is not the only factor contributing to capitalist development in these countries. Traditional exports themselves have undergone significant changes, and have in many cases been actively promoted. The most obvious example is oil. OPEC's rise to power did not simply allow the exporting countries to control the fixing of oil rents. Some of them adopted a policy of downstream integration by establishing a refining and petrochemicals industry. Now that it has reached maturity, the Saudi industry is a threat to the world market, which was previously dominated by the advanced capitalist countries. The same could be said of the Brazilian steel industry (which recently purchased the remains of Kaiser Steel in California – Brazilian 'imperialism?').

A less familiar example involves the extension (albeit on a limited scale) of the agribusiness model developed in North America to certain Third World countries, with Brazil producing soya and Thailand producing manioc. In these cases, we can speak of a fully capitalist industrialization of agriculture and of a labour force which has been 'freed' from working on small-holdings, and which is even more exploited than it would be under bloody Taylorization.²⁵

Import-substitution is equally important. This is an integral element in the logic of peripheral Fordism, but it also applies to basic industries producing for local markets, be they Fordist or not. It applies particularly to energy and to the production of cement and the other materials needed for the construction industry and the public works programmes that go hand in hand with urbanization.²⁶

Neither agribusiness nor basic industries (which are often processing industries; they use, that is, automated physico-chemical processes) derive their work-organization principles from Fordism or Taylorism. On the other hand, forms of a division of labour *similar* to the tripartite division of Fordism and even logics of accumulation *similar* to those of peripheral Fordism do tend to develop.

Take the case of steel and heavy engineering. We have

already seen that in the sixties, a variant of the first import substitution policy led certain countries to prioritize the development of basic industries. The idea, which derived from Soviet forms of industrialization and which at the time found support in the theory of 'industrializing industries' and 'poles of development', was to short-circuit the perverse effects from 'downstream' substitution: any industrialization based upon import-substitution in consumer goods leads to increased imports of intermediate and equipment goods. The answer was to begin 'upstream'. It was also hoped that the creation of a local supply of basic commodities would stimulate the growth of 'downstream' users.

This strategy was doubly mistaken. First of all, there is nothing really 'upstream'. Basic industries are usually very capitalistic. They require an enormous accumulation of fixed capital and relatively skilled collective workers to set them in motion. Either one reenacts the entire history of steel-making (from village furnaces to modern blast furnaces) at great speed, as during China's highly controversial 'Great Leap Forward' experiment, or one buys fully equipped factories. In the absence of a skilled work force, of equipment and of maintenance teams, one has to hire them from abroad. Technological dependency will no doubt become a thing of the past as a collective worker eventually emerges, but the macroeconomic aim (import-substitution) has not been achieved. Besides, in economic terms, it is cheaper to import steel as and when it is needed than to develop a steel plant which is expensive, difficult to maintain and which creates very few jobs.

This does not mean that such strategies are to be condemned out of hand. When a country has a major but *non-renewable* source of income (such as oil), it is obviously unreasonable to use it to develop consumption, and it makes sense to develop a relatively complete industry for the day when the rent runs out. The mistake, which is common to most import-substitution strategies, is the belief that the problem can be solved simply by *importing* factories. In terms of its social effects, this policy is open to criticism in that it has no immediate spin off in terms of employment or living standards, but that is not so much an 'error' as a political choice which reflects the ideology of a ruling class such

as a nationalist military bureaucracy.²⁷

It is equally erroneous to believe that other activities will 'spontaneously' develop alongside the basic industries. On paper, a complete industrial system can be built, either 'in accordance with a plan' or 'in accordance with the demands of the market'. The theory of 'industrializing industries' tries to have the best of both worlds. Either the planner will 'already' have the steel at his disposal when he decides to do something with it, or the captains of private industry will seize the opportunity of that supply. But no matter how brilliant he may be, the planner can never forecast future 'downstream' demand for semi-finished products, and the non-existent user industries cannot provide detailed orders, complete with technical specifications. All too often, the basic industries are therefore cathedrals in the desert, unless of course they respond to world demand, like mere component industries, and adopt the macroeconomic logic of peripheral Fordism.

Third World basic industries begin by ordering fully-equipped factories, but they have problems with maintaining or even running their plant. The lack of spares, the absence of a fully skilled workforce, and marketing all lead to further problems. They then begin to order 'full products', with the purchase contract covering maintenance teams and in-service training. Finally, they order 'factories with markets' (with sell-back clauses). But this involves a logic which is very similar to that of peripheral Fordism: buying equipment goods and engineering plant from the centre, manufacturing on the spot with a labour force which is less efficient (and which will be less efficient for at least ten years) but much lower-paid than that in the centre, re-exporting and then, if the rest of the national economy develops, using the products at home. The difference is that the 'know-how' remains elsewhere, and that far fewer jobs are created than in Fordist or Taylorist industries.²⁸

We find similar parallels where modern agribusiness is transplanted. Selected soya seeds, fertilizers and technicians are imported from the centre and the product of the labour of a super-exploited peasantry is turned into oil cake, which is used to feed the livestock owned by the peasants of Europe, and to accelerate both concentration in livestock

industries and rural unemployment.

Fordism, which began as a type of labour process (characterized by a division between conception and fragmented and deskilled execution, with mechanization incorporating a systematized social know-how), has become a social technology and has given its name to a regime of intensive accumulation centred upon mass consumption because it represents both the dominant model and the leading sector, even though not all activity in the centre is Fordist. Similarly, the logic of peripheral Fordism, in a specific way, is being forced upon other peripheral industries (and even agricultural activities) not only as an economic logic but also as a new form of the international division of labour.

The New International Division of Labour

It is now time to gauge the extent to which the partial industrialization of what was once a periphery exporting primary commodities has revolutionized the international division of labour. We will look first at the *results*, without raising the question of whether or not the division is functional or intentional. We will then turn to a discussion of the strategies of the agents involved and of the institutional forms which gave rise to this configuration.

Two Superimposed Divisions of Labour

It is important to remember that, whilst Fordism is becoming a global phenomenon, the old international division of labour continues to function. In lower-income countries (excluding China and India) which have a total population of one billion 700 hundred million, including almost the whole of Africa, the share of primary goods in exports remains almost constant, and primary goods account for more than half of all exports. The same is true of the lower middle-income countries, and it is overwhelmingly true of the high-income oil-exporters.

But this ratio measures only specialization within that

fraction of the product of world labour which is internationally exchanged. According to this indicator, the positions of China and India within the old division of labour are changing; manufactures now represent 47 and 59 per cent of their respective exports. The greater part of the labour performed in those countries is, however, agricultural, and much of it is not even destined for a market. Asia – and even the Asian NICS – continues to export one highly specific ‘primary commodity’, namely labour.²⁹

Even so, things are changing considerably in two senses. As we have already seen, the rapid industrialization of the entire middle-income category has led to a spectacular increase in exports of manufactures from the upper middle-income categories. But it has also led to a reversal of trends within the trade in primary goods: the North now feeds the Third World. The agribusiness model which was developed in the USA and then introduced into Western Europe after World War Two seems to have led to a repetition of the ‘victory’ which gave the manufacturing industries of the northwest its absolute advantage over the rest of the world in the last century. Between 1970 and 1981, the share of ‘North-South’ exports in all agro-food trade rose by 6.7 per cent, whereas the flow in the other direction fell by 4.2 per cent.³⁰ Yet the North’s new food hegemony (which is in fact primarily that of the USA) has, as we have seen, come up against increased competition from capitalist agriculture in some countries in the South.³¹ Paradoxically, this relates directly to the ‘new international division of labour’.³²

What we have termed the ‘new international division of labour’ is an intra-industrial (or even intra-agricultural³³) division resulting from what we have previously characterized as the Fordist tripartite division between: 1) engineering and advanced technology; 2) labour-intensive activities requiring a certain level of skills; 3) activities involving easily acquired skills.

This new international division is the great novelty of the postwar period, and it reflects the uneven international distribution of both intensive accumulation and crisis. It is the result of two developments. We deal in this book with the first: the logic of industrialization in what was (and to a large extent still is) the periphery of the first division of

labour. But it should not be forgotten – and we will return to this point – that a symmetrical process of stratification is also occurring in the old manufacturing centres. One of the major issues of the period is whether the old industrial countries of Europe, in competition with the USA and Japan, will be closer to level 1 or level 2 when they emerge from the present crisis.³⁴

The importance of the new international division of labour should be neither overestimated nor underestimated.³⁵ Whilst Third World industrialization is more widespread and occurred earlier than one might think (Singapore was already a NIC in the early sixties; Argentina is no longer a NIC, but new NICS will emerge from the middle-income category), very few countries have become export-based industrial powers. East Asia’s ‘Gang of Four’ accounts for 60 per cent of the South’s exports of manufactures; if we also take into account Brazil and India, the total rises to 70 per cent. Conversely, the South produces only some 3 to 4 per cent of all manufactured commodities consumed in the North. But it does export over 16 per cent of such typically Taylorist goods as clothing, shoes and electronic components, and 8 per cent of all optical goods and home electronics.

We are, it will be remembered, talking about a *division* of labour. Thus, it is not only the South which is increasing its exports (level-3 exports to the North). The North finds buyers for its level-1 and 2 products in the South (or should we say that it has rediscovered old customers?³⁶). In terms of world trade in capital goods, the share of North-South exports rose from 20 to 30% in the seventies, whereas that of North-North exports fell from 60 to 50 per cent. Yet the South’s increasing share in the international trade in industrial goods has to be distinguished from the old ‘battle for markets’, even though OPEC does absorb them (this is in accordance with the ‘old division of labour’; OPEC in fact absorbs almost as many capital goods from the North as the NICS), and even though the logic of peripheral Fordism does, I repeat, have something to do with markets.

The increase in the flow of manufactures works in *both* directions, and it reflects a geographical shift in *both* tendencies within the internationalization of Fordism. At the beginning of this chapter we noted that until the 1960s both

tendencies were at work primarily in the North, and that they are now being extended to the North-South dimension. Thus, the market share of the South in the US imports rose from 12 to 25 per cent between 1970 and 1981; in clothing, and electric and electronic components and equipment, the South's market share rose to 80 per cent and 46 per cent respectively. Canada and Europe were the losers.

It must again be stressed that it is not because its industries are stagnating that the South is once again becoming a major market for the North's industrial products; on the contrary, industry is growing faster in the South than in the North. But the pattern of world growth is such that the South also supplies the North with a market (within the new international division of labour). Table 2 (p. 85) shows that, whilst the South now competes with the North on the world market, it also provides more of a market than the crisis-ridden North. Whilst the share of exports in GDP has risen from 12 to 20 per cent in the industrial countries, it has risen by only a few percentage points in the upper-middle income countries and it remains very low in Mexico and Brazil, which absorb their own surplus products. It is, however, true that exports now have a major share in the GDP of South Korea and its East Asian associates, and that the markets of the North cannot absorb them unless there is a corresponding rise in demand. Needless to say, it is the 'old' periphery which will provide the missing outlets.

'South-South' Relations

The emergence of peripheral Fordist countries and the accumulation of liquid assets in certain OPEC countries has led to a veritable explosion of the former periphery. The hierarchy is being reshaped before our very eyes. The periphery was never homogeneous, but the new factor is the increased flow of commodities between the NICs and those countries which are still primarily exporters of primary goods. This flow is *similar* to that which occurred under the old division of labour. In terms of basic Fordist and Taylorist commodities and in intermediate branches like steel, the NICs are becoming very competitive, and in the

former periphery they are even competing with the industries of the centre.³⁷ A potentially triangular trade in raw materials, emigrants and manufactures is developing between the countries of the South. Significantly, NIC exports to the South are at once more 'regional', more 'sophisticated' and more 'capitalistic' than exports to the centre.³⁸

In 1980, South-South trade accounted for 37.4 per cent of all the South's exports of manufactures. Sixty-eight per cent of all South-South trade took place within continental blocs, 37 per cent of it within Asia alone. But 'Asia - other continents' trade already accounted for one quarter of all South-South trade. This trade is organized by the NICs and is directed mainly towards OPEC countries. The dominant role of Asia is explained by its export-based NICs.

Year by year, the 'old division of labour' becomes more pronounced, but it now exists 'within' the old periphery. The rate of cover in Brazil's industrial trade with the South, for example, rose from 153 per cent to 555 per cent between 1973 and 1980, generating a surplus of 3.2 billion dollars (the corresponding figure for South Korea was 4.5 billion). The regional nature of this trade is a good illustration of how peripheral Fordism promotes 'common markets' of middle-class demand. In structural terms, it is very different to the export trade between the NICs and the North; capital goods represent 41 per cent of the total, as against 31 per cent in NIC-North trade, and clothing represents 5% (as against 21 per cent). The capital coefficient is twice as high in regional trade. The NICs (including India and Pakistan) are now beginning to achieve technological dominance in regional markets. They may not have reached the top of the technological ladder, but they are now exporting cheap professional equipment and engineering products.

Competition between the 'North inside the South' and the traditional centre also should be neither overestimated nor underestimated. It is, of course, because they earn such low salaries (\$358 per month in Taiwan, as against \$2,900 in West Germany³⁹) that the engineers and skilled workers of the NICs are so competitive. But they have in some cases developed new technologies which are appropriate to their countries and which can easily be transferred to their clients