

# **THE WEB OF GLOBAL CAPITALISM INCREASED DEPENDENCY OF THIRD WORLD COUNTRIES**

Doç. Dr. Mustafa Delican

## **I. INTRODUCTION**

The relationship between developed capitalist countries and underdeveloped countries has a long history. Underdeveloped countries over time have become dependent socially, economically, and politically on developed countries.

This dependency has occurred as a result of capitalistic relations between underdeveloped countries and developed countries. Capitalism "...effectively and entirely penetrated even the apparently most isolated sectors of the underdeveloped world" (Frank (1972) 4). In fact, these relations are an essential part of the structure and development of the capitalist system on a world scale (Frank (1972) 3). Furthermore, Wallerstein sees capitalism as a world system. This large perspective allows us to understand and to assess the dependency relationship between developed countries, and newly industrialized and underdeveloped countries.

After the Industrial Revolution, the dramatic changes in the production process made it possible for capitalism to operate on a global level and to reshape the economic, social and political structure of the world according to the needs of capitalism. This restructuring came about through the alliances between multinational corporations, international organizations, and the Third World countries. This paper will examine the relationships between developed and Third World countries, emphasizing the roles of multinational corporations, international organizations, and the states in the Third World countries in the development of the dependency process.

## **II. NEW DIMENSIONS OF DIVISION OF LABOR**

Revolutions in the production process have changed the structure and classical division of labor in the workplace. Now, the production process requires basically three types of labor: unskilled, semiskilled, and highly skilled, and skills have been taken into the machines (Sivanandan (1990) 170). The logic of division of labor for capitalism is to have cheap labor and to create a suitable labor force. "The common mode for cheapening labor power" for Braverman is "the Babbage Principle: break it up into the simplest elements", and "... [e]very step in the labor process is divorced, so far as possible, from special knowledge and training, and reduced to simple labor (Braverman (1974) 82). Thus, this deskilling is one of the most important characteristics of the new division of labor in core and periphery countries.

Today, the exploitation of labor is more complicated and sophisticated than it was yesterday. We have to add new some new traits of the labor force to Babbage's schema, which consists of the division of labor among men, women, boys, and girls. The new traits to be considered are the labor forces' ethnicity, citizenship, race, legality, immigrant status, country of emigration, and last, where the workers are employed: core, periphery, or free export zones. This complex division of labor is, in a sense, a sort of combination of a social and workshop division of labor. Today's management techniques are capable of carrying the social inequalities of the larger society into the workshop. Therefore, many workers, depending on their traits, are subject to double, or even triple exploitation. An example of this multiple exploitation would be that of an Asian, illegal immigrant, unskilled female worker in the United States.

Globalization of the production process brings a new international division of labor in which "...low-skilled labor-intensive jobs are shifted to the "newly industrializing" Third World countries. Control over management and technology, however, remains at company headquarters in "First World" countries, such as the United States and Japan" (Fuentes and Ehrenreich (1983) 6). The new international division of labor is closely tied with hierarchies of production among the countries. In general, new high technology industries are located in developed countries, while relatively old technologies, particularly labor-intensive industries, are located in NICs. Moreover, related light industries using technologies less advanced than those technologies used by NICs are located in underdeveloped countries. This distribution of technology has been controlled and implemented by developed countries by using international organizations such as the World Bank, the International Monetary Fund, or the organizations directly under the control of core countries, such as the Agency for International Development (AID) of the United States. Intellectual rights, patent rights, and trade barriers against Third World countries are another type of control of technological distribution in the world (Sivanandan (1990) 174).

Hierarchies of production also brought hierarchies of labor. This hierarchy of labor occurs not only between skilled and unskilled workers, but among the unskilled workers themselves. For example, while hard, heavy, unhealthy jobs are done by unskilled workers in periphery countries, particularly export process zones, light, relatively easy and healthy jobs are done by deskilled workers in core countries (Sivanandan (1990) 181). Additionally, international division of labor has been shaped by two other developments: export-led industrialization strategy and Free Trade Zones.

Export-led industrialization strategy was not chosen by the Third World countries themselves, rather they were forced to choose it. "With assistance from UNIDO [United Nations Industrial Development Corporation] and AID, developing countries designed their economies according to the multinational

corporations' blueprint (Fuentes and Ehrenreich (1983) 9, 37), and as a result of this policy, Free Trade Zones have been built up.

Free Trade Zones became a heaven for multinational corporations. The corporations were trying to escape the high wages and high social benefit demands of the labor unions in the core countries. These corporations "rationalized their decisions in terms of growing international competition. They said that "they had to go abroad to compete"(Fuentes and Ehrenreich (1983) 8). The idea of 'growing international competition' has been used as a counter-attack on unions' and labor's demands in core countries. For example, in the 1980's, many unions in the U.S. were pushed to accept concessions in collective bargaining agreements in wages and social benefits.

Multinational corporations in Free Trade Zones and in Third World countries particularly want to employ a female work force. In Third World countries, women are seen as docile, easily manipulable, willing to do boring, repetitive assembly work, and as having natural patience and manual dexterity. Furthermore, the social status of the women in these countries is exploited. The women workers are told they are tasting freedom by working far away from their families and the pressure of their families. This freedom has a very high cost. In order to continue at their jobs, many women are forced by the companies to undergo pre-employment and ongoing pregnancy tests and submit to sterilization to avoid the costs of maternity benefits to the company. Sexual harassment is another part of many women's worklives. "Women are often told to lay down or be laid off". Working women's status in society are degraded. They are seen as 'loose' sexually and as unstable partners for marriage. Furthermore, women's conditions are worsening because in some countries tourism is turned to an official prostitution industry for development (Fuentes and Ehrenreich (1983) 12-26).

### **III. MULTINATIONAL CORPORATIONS, INTERNATIONAL ORGANIZATIONS AND THE THIRD WORLD COUNTRIES' GOVERNMENTS**

Development in Third World countries is a development of dependency. Historical relations between developed and underdeveloped countries are the main cause of the underdevelopment. Rising multinational corporations and developments in production processes further increased the dependency of the underdeveloped countries on the developed countries. Agreements between underdeveloped and developed countries, investments of multinational corporations in the Third World countries, and finally the pressures from international organizations do not allow the underdeveloped countries to develop independently.

International organizations like the IMF and the World Bank are under the control of the developed countries, and these institutions' direction and directives represent the interests of the developed countries. The roles of these institutions are not only to control the Third World countries, but also to legitimize the economic exploitation and dependency of the countries. Significantly, by allowing Third World Countries to accumulate massive debts, the international organizations and developed countries effectively control these countries. For example, Brazil, Mexico, and the Philippines among the NICs have large debt that makes their future bleak.

International institutions' policies towards Third World countries seek to keep the Third World countries in order, and to push them to adapt economic and social policies in favor of the multinational corporations. For example, "The IMF's standard stabilization program includes control of wages; abolition of price controls and any subsidies for food and other necessities; increases in taxes; and the dismantling of any policies such as import and export controls that are seen as unfavorable for foreign investors" (Fuentes and Ehrenreich (1983) 41). Their policies are not for all people, but rather work in favor a small portion of the population. In other words, these policies create a zero-sum society in which some always lose and some always gain, and that changes the social structure of the society in favor of national capitalists for capital accumulation. Therefore, dependency is further developed with "triple alliances: multinational corporations, state capital, and elite local capital (Sivanandan (1990) 177). Therein the state plays a central role between multinational capital and elite local capital. Many times, governments in Third World Countries act as contractors for multinational capital.

The developed countries and the multinational corporations want a strong semi-dictator, sometimes even a full-fledged dictator when necessary to keep the Third World Countries in order. In the Third World Countries, the state has been the center of all social and economic activities, and industrialization has been carried out by the state. In NICs, "[t]he state occupied 'the commanding heights' of the economy, controlling the banking system, public spending, investment, and the labor market. And it provided the infrastructure and climate that would attract foreign capital. It was the sort of combination of central planning and robber-baron enterprise that seemed particularly suited to the specifically export-oriented industrialization" (Sivanandan (1990) 178-179).

Besides the pressures of developed countries, multinational corporations, and international institutions, the governments of the Third World countries were facing pressure from their internal problems. Under these circumstances "...the governments of the UDCs, desperate not for development as such but to end the unemployment that threatened their regimes, enter into Dutch auctions with each other, offering the multinational corporations cheaper and cheaper

labor, deunionized labor, captive-labor, female labor, and child labor- by removing whatever labor laws, whatever trade unions' rights had been gained in the past from at least that part of the country, the Export Processing Zone (EPZ), which foreign capital chooses for its own (Sivanandan (1990) 181-182).

When the state prepares the necessary infrastructure and when the national capitalists get enough capital accumulation and ties with international capital, capitalists begin to operate independently from the state. In order to shift power from the state to the capitalists' developed countries, multinational corporations and international organizations play a great role. In recent years, privatization has been a popular way to transfer economic power from the state to national capitalists or to multinational corporations.

As a result of the states' policies and strong ties with international capital, the social and economic structures of the country become what international capital wants. In the short term, the country's problems are temporarily solved, but over time patterns of problems change and become more difficult to cope with. For example, when a country becomes NIC, labor forces and employment structure change: "...more and more small farmers becoming seasonal wage laborers in commercial agriculture, more and more workers being thrown up into the 'informal economy' of the cities, and more women being mobilized into short-life electronic work and abandoned" (Sivanandan (1990) 186).

#### **IV. SHAPING THE THIRD WORLD COUNTRIES**

Interventions and changing the order of the Third World countries are other ways of the penetration of foreign capital. The methods vary from intentional cultural change to using military force. Modernization which means Westernization has been the major thrust against Third World countries. It was shown to be the only way for development. In fact, it is the most effective way to convert the society to capitalism.

In order to introduce capitalist culture, sophisticated techniques and propaganda methods have been used: "...[t]oday culture is transmitted not through education or through a general propaganda of superiority (British Council Style) but subliminally, subcutaneously: in the food you eat, the clothes you wear, the music you hear, the television you watch, the newspaper you read" (Sivanandan (1990) 185).

Still, education plays an important role in the Westernization of indigenous, traditional cultures. In many Third World countries, there are high schools and universities in which the educational language is often English or that of other Western societies. Students are socialized according to Western capitalist values during their education. Many of the students are sent to Western countries for education. A great number of these students become agents of cultural change when they return to their homeland. These people have ties with the West,

and have therefore highly respected status in their native societies that makes easy to influence indigenous people.

In universities, western sources are used as the main sources for the text books, as well as further research. Multinational and international corporations offer scholarships for certain types of research in these countries. Universities become the center for producing commercialized knowledge for multinational corporations or their allies. When academicians and intellectuals become captive-minded, they promote capitalism.

In addition, other means are also used to keep the country in order according to the will of international capital: changing the government, supporting opposition political groups, economic sanctions, threat of the developed countries pushing the target country towards authoritarianism, or if necessary towards limited democracy. For these purposes, developed countries use either direct or indirect sources. Indirect sources are used first, but if they don't work, direct intervention takes place. Fuentes and Ehrenreich illustrate how and why indirect interventions are done in Third World Countries by giving an example: "Non-government agencies work directly with AID and the U.S. State Department, or covertly with the CIA to cultivate support and derail the opposition in Third World Countries. For example, the AFL-CIO's Asian-American Free Labor Institute (AAFLI) ostensibly works to encourage 'free' (read pro-capitalist) trade unions in Asia, but its actual mission is to discourage progressive, mass-based worker activity" (Fuentes and Ehrenreich (1983) 41).

## V. CONCLUSION

As is seen, the web of capitalism surrounds the world. As a world system, capitalism will not give up its ties with the Third World countries. The exploitation process will increase over time because we are in the relatively early period of global exploitation. In the Third World Countries, many people are not aware of the exploitation by capitalism. Furthermore, exploitation has been manipulated and legitimized by the international organizations and the states of the Third World countries.

If we return to two of Frank's hypotheses, we arrive at negative conclusions. Frank says that "...the satellites' experience their greatest economic development and especially their classical capitalist industrial development if and when their ties to their metropolis are weakest," and that "...the regions that are the most underdeveloped and feudal-seeming today are the ones which had the closest ties to the metropolis in the past" (Frank (1972) 10, 13). If we take these two complementary theses together and apply them to today's world, we can predict that, if any revolution-like movement doesn't take place, considering the former thesis, there will be no future development in Third World countries because there is no region in the world today free from the effects or control of capitalism; and considering the latter thesis, NICs will be the least developed

countries of the future world because of their strong ties with the core capitalist countries.

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