

Dividing the world in North and South, in West and East, gives the four worlds on which the analysis is based; North-West, North-East, South-West, South-East:

	WEST	EAST
	<u>First world:</u>	<u>Second world:</u>
NORTH	Private capitalism	State socialism
	OECD countries	CMEA countries
	<u>Third world:</u>	<u>Fourth world:</u>
SOUTH	NIEO	Ichiban
	South America	China, Japan
	Caribbean	Korea, Taiwan, HK, Singapore
	Africa, Arab World	ASEAN in general, Indo-China
	West, South Asia	Australia, NZ, Oceania

To get at some of the dynamics of this scheme let us for a moment try to capture the world situation from the US point of view. The general thesis is that the US is deeply involved in four conflicts, of different nature, each of them deep and extensive and intractable. To wit:

- with the Second world: a military-political conflict with the Soviet Union, over basic values and basic interests, with an accompanying arms race that absorbs more than 30% of the domestic capital formation - possibly much more - with no success in curbing the race and the probability of a major nuclear confrontation far from zero.

- with the Third world: an economic-political conflict of liberation from networks of neo-colonialism, some of it fought in an institutionalized form in UN fora, some of it in open international defiance, much of it as guerrilla movements fighting both the US and a government linked to the US.

- with the Fourth world: an economic competition that, by and large, the Fourth world has won ⁽¹⁾ - not yet in the sense of topping the world statistics but in the sense of having dynamism, initiative, growth. ⁽²⁾ If Japan fails, the mini-Japans may take over; if they fail, the People's Republic of China may take over - all of them using the rest of the Fourth world as a reserve for capital, labor, raw materials and markets. ⁽³⁾

- with the First world: as a result of the other three conflicts a certain estrangement between the US and her allies in the First world is increasingly visible - the US being seen as less overpowering in her strength [relative to the Second world], less straight in her international morality [relative to the Third world], less unbeatably rich in her capital accumulation [relative to the Fourth world]. The strong, rich and moral is in the process of transformation towards its own negation - in First world eyes. No other country in the world is exposed to a process of status erosion so profound, and so dangerous.

Economically this cannot but lead to the prediction of continuing decline in the relative position of the First world. The question, however, is how this decline is absorbed inside the society: by elites pushing it on the people through unemployment and decreasing purchasing power, or by going down that difficult and unexplored road called economic decline together? Obviously these are the conservative and social democratic approaches respectively, but we are badly prepared in the First world for this, not even having a theory of economic decline, much less a management of decline.

In the Second world it is hard to imagine big economic changes to the better given the international situation and the static nature of the economic structures - it is also difficult to imagine major differences in the distribution between elites and people in the years immediately ahead, particularly after the defeat - at least so far - of the Solidarity approach in Poland. Political changes might be more likely than major economic ones.

In the Third world the NIEO gives such advantages to the elites that they should be able to capture most of the growth of the country as a whole, leaving the people [75-95%] in a period of stagnation or decline.

In the Fourth world the ability to distribute is an important asset. There will be growth, less spectacular for Japan, more so for the next in line, and parallel for elites and peoples.

With what kind of world does this leave us? A very problematic and dangerous one, to say the least. The economic point of gravity changes, from the NW to the SE corner of the world. The political point of gravity slides towards the Third world to the extent that UN votes are important. The military points of gravity, in an old-fashioned and badly working balance of power formula, remains in the North, divided between West and East. This is not to say that the old formula, with all three types of power firmly anchored in the world North-West was better: it conferred much too little power to the rest of the world, much too much to the few who used it badly, to exploit and repress and fight among themselves and are now suffering some of the consequences of their maladapted behavior in a world increasingly becoming a world-system. Being very far from a world government with sufficient power over these forms of power a much better formula would have been a balance of power along all three dimensions.

As it now stands three already discernible patterns may become much more pronounced:

The First world will react with the power it has in excess and abundance, military power, eg in the form of rapid deployment forces, against the militarily weak, ie the Third and [less] the Fourth worlds. The condition for concerted action is that there is a general dependence in the First world on commodities, particularly oil and gas - efforts to become independent or dependent on the Second world will be frowned upon as it leaves less basis for wielding military power. By and large efforts to use military power will be accepted, even applauded, by a population in general economic decline (as in the Falkland/Malvinas exercise). And it will use economic embargoes against the Fourth world.

The Second world may engage in something similar but more regionally, towards border countries only (as in Afghanistan) and with more of a military motivation.

The Third world will continue to decry all of this, and the elites will

use strong anti-imperialist rhetoric to make people believe that the old enemy is still the major force responsible for the cleavages inside the country. There being neither force, nor money behind the [strong] words, they will tend to pass largely unnoticed.

The Fourth world will continue to push forward economically, and being composed of countries with highly uneven level and type of development there are many surprises still to come, particularly for the First and Second worlds who, steeped in their racism and white supremacy thinking, will always be late in understanding how they are overtaken by other parts of the world. The general world economic decline will, of course, also affect the Fourth world - but it is assumed that even if the First world closes itself to much of the trade, there are sufficient markets in the Second world, the Third world elites and the Fourth world itself still for some time to come. But it will still take much time before this leap forward is accompanied by the usual panoply of global political manipulation and military pressure tactics.

Too much change, too soon, for a world badly adjusted to the change it has already undergone. And yet the drive of private capitalism for profit, of state socialism for control, of the NIES for a fair share in the world capitalist system and of the world South-East to beat them all at their own games are strong; they will tend to continue unabated, at least at the elite levels in all worlds. But what about the people level? They will probably be more interested in the other two possibilities, state capitalism and private socialism; demand the former through elections and/or in elite efforts to imitate Japan and the japoncitos, and take refuge in collectives, communes, inter-family cooperation etc., as people will do under crisis. The governments will decry the latter as withdrawal from the formal [and controllable] sectors; but it is hard to deny people the right to defend themselves. And yet those acts of self-defense, local, self-reliant, may well become models and presursors of what elites will have to do at the more national levels: increasing self-reliance in an increasingly problematic world.

ED The Japanese Economic Council, an advisory body to the prime minister, predicts that the Japanese GNP per capita will be far ahead of the US GNP per capita by the year 200 - \$ 21.200 as against \$ 17.000.

(2) The picture given by world trade statistics is relatively clear. The share of the US in world exports of manufactured products decreased from 22.6 in 1955 to 12.3 in 1977; that if the EC remained rather stable - from 46.4 to 45.0 in the same period; Japan increased from 4.0 to 11.9 and the four mini-Japans from almost nothing to 4.5%. If we focus on the developing countries alone and look at the share countries and groups of countries in that category have, then the four mini-Japans stand out with an increase from around 20% in 1955 to 58.2% in 1977 - with 17.1% for South Korea, 16.0% for Taiwan, 18.0% for Hong Kong and 7.1% for Singapore - all in 1977. Next in line are India with 6.7% [for 1976, less than tiny Singapore with 6.0% the same year] and Brazil with 6.1%.

(3) So, the general thesis about the Fourth world is that of a three-wave pattern, or maybe four. First, of course, there is Japan. Then, the "4 'New Japans' Waiting in Wings to Pose a Frsh Economic Challenge to West" [International Herald Tribune, 25 August 1982]: "During the 1970s the economies of rapidly industrializing Taiwan, South Korea, Hong Kong and Singapore grew at an average annual rate of more than 9 percent, while Japan posted a yearly growth rate of 6 percent. For the United States, the rate was just 3 percent. To be sure, growth has slowed for the East Asian economies during the current worldwide recession. But most economists expect that once the world picture brightens a bit, the East Asian economies will bounce back with a vengeance. They predict that in the 1980s, Taiwan, South Korea, Hong Kong and Singapore will increase the size of their economies by 7 percent to 9 percent a year while Japan's more mature economy shows annual gains of 4 percent".

Then there is the third grouping, the ASEAN countries (with Singapore as an overlap): "'Follow Japan' Campaign Being Pursued in SE Asia", The Daily Yomiuri, 29 April 1982]: "Singapore Prime Minister, Lee Kuan Yew started the Seek-Inspiration-From-Japan campaign several years ago. Malaysia adopted a "Look East" policy, which includes South Korea as well as Japan, after Dr Mahathir Mohamad became prime minister nine months ago. Vice president Adam Malik of Indonesia says his country has much to learn from Japan's giant trading firms". And the article has an interesting sidelight on Dr M in Malaysia: "The first Malaysian prime minister not educated in Britain coupled his Look East campaign with the deliberate deemphasizing of relations with Britain".

And then there is China, in a different phase: "China's post-Mao movement toward a mixed economy already permits Special Economic Zones where foreign businessmen can set up factories, hire and fire workers and earn

profits. Now leaders of the People's Republic have made yet another concession to capitalist ways - - individuals who are in business for themselves will be allowed to hire up to seven employees" [TIME, 7 December, 1981].

(4) The best example of efforts to block Japanese car import is probably from France where the French minister for industries, André Giraud, declared in February 1981 that for each five Japanese cars imported one French worker becomes unemployed. Japanese cars were blocked in the hours [Dagbladet, Oslo, 6 February 1981]. But penetration has gone far:

It is a telling sign of the superiority of the Fourth world, in this case and so far of Japan, that trade unions insist on Japanese investment. "The Northern Region TUC /trade union council/ has offered a total breakdown of traditional job demarcation in an attempt to lure the new Datsun car factory to the region. - - An end to restrictive trade union practices was thought to be the best offer which the TUC could make to ensure that Datsun came to one of three possible North-east sites" - The Guardian, 16 June 1981. And a corresponding story from Italy although it refers to England, again: "O rientra lo sciopero o Leyland ai giapponesi", Corriere della sera, 20 October 1981 - referring to Sunday Express of 18 October according to which the president of British Leyland threatened British workers with suspension of a strike or else the whole firm would be up to sale - to the Japanese. In view of the above it is an open question whether that constitutes anything like a credible threat.

One of the clearest symbols of Japanese industrial supremacy was reported in Daily Mail 11 November 1981, witnessed by millions before that: " -- the installation of a 25-ton, 36,600 square foot advertisement for containing 10 miles of wiring, for Fuji film, has consolidated the Japanese dominance of the neon in New York Times Square. By the end of the year, 22 of the Square's 30 incandescent ads will promote Japanese goods. The Fuji hoarding is the most elaborate since the Winston cigarette man used to halo the square with smoke rings".

(3) Thus, Japan won the important competition for the production of "the third car" in India - in addition to the Morris Oxford and the Fiat 1100. "Suzuki clinched the deal with Maruti after months of patient negotiation beating better-known competitors such as Nissan, Renault, Fiat, BL and Volkswagen. The 800 cc subcompact offered by Suzuki scored over its rivals in fuel consumption [about 65 mpg] and price [\$5,500 inclusive of taxes, which at the moment constitute 40 percent of vehicle prices in India" [The Daily Yomiuri, April 30, 1982].