

Western guilt and Third World poverty

The following is an extract from the book by P T Bauer, *Equality, the Third World and economic delusion*, London, Weidenfeld and Nicholson, 1981. The author is Professor of Economics at the London School of Economics and Political Science. In this extract Lord Bauer asserts that the West's acceptance of emphatic routine allegations that it is responsible for Third World poverty reflects and reinforces Western guilt.

*Come, fix upon me that accusing eye,
I thirst for accusation.*

W.B. Yeats

Yeats' words might indeed have been written to describe the wide, even welcome, acceptance by the West of the accusation that it is responsible for the poverty of the Third World (i.e. most of Asia, Africa and Latin America).¹ Western responsibility for Third World backwardness is a persistent theme of the United Nations and its many affiliates.² It has been welcomed by spokesmen of the Third World and of the Communist bloc, notably so at international gatherings where it is often endorsed by official representatives of the West, especially the United States. It is also widely canvassed in the universities, the churches and the media the world over.

Acceptance of emphatic routine allegations that the West is responsible for Third World poverty reflects and reinforces Western feelings of guilt. It has enfeebled Western diplomacy, both towards the ideologically much more aggressive Soviet bloc and also towards the Third World. And the West has come to abase itself before countries with negligible resources and no real power. Yet the allegations can be shown to be without foundation. They are readily accepted because the Western public has little first-hand knowledge of the Third World, and because of widespread feelings of guilt. The West has never had it so good, and has never felt so bad about it.

Western responsibility

A few characteristic examples will illustrate the general theme of Western responsibility. To begin with academics. The late Paul A. Baran, Professor of Economics at Stanford, was a highly regarded development economist. He was a prominent and influential exponent of Western guilt in the early days of contemporary development economics. He contributed the chapter on economic development to the *Survey of Contemporary Economics* published by the American Economic Association, and his book *The Political Economy of Growth* is a widely prescribed university textbook. In it Baran wrote:

To the dead weight of stagnation characteristic of pre-industrial society was added the entire restrictive impact of monopoly capitalism. The economic surplus appropriated in lavish amounts by monopolistic concerns in backward countries is not employed for productive purposes. It is neither plowed back into their own enterprises nor does it serve to develop others.³

This categorical statement is wholly and obviously untrue because throughout the underdeveloped world large agricultural, mineral, commercial and industrial complexes have been built up through profits re-invested locally.

Professor Peter Townsend of Essex University is perhaps the most prominent British academic writer on poverty. In his book, *The Concept of Poverty*, he wrote: I argued that the poverty of deprived nations is comprehensible only if we attribute it substantially to the existence of a system of international social stratification, a hierarchy of societies with vastly different resources in which the wealth of some is linked historically and contemporaneously to the poverty of others. This system operated crudely in the era of colonial domination, and continues to operate today,

though more subtly, through systems of trade, education, political relations, military alliances, and industrial corporations.⁴

This again cannot be so. The poorest and most backward countries have until recently had no external economic contacts and often have never been Western colonies. It is therefore obvious that their backwardness cannot be explained by colonial domination or international social stratification. And there are no industrial corporations in the least developed countries of the Third World (the so-called Fourth World) such as Afghanistan, Chad, Bhutan, Burundi, Nepal and Sikkim.

In this realm of discourse university students echo what they have learnt from their mentors. About ten years ago a student group at Cambridge published a pamphlet on the subject of the moral obligations of the West to the Third World. The following was its key passage:

We took the rubber from Malaya, the tea from India, raw materials from all over the world and gave almost nothing in return.

This is as nearly the opposite of the truth as one can find. The British took the rubber to Malaya and the tea to India. There were no rubber trees in Malaya or anywhere in Asia (as suggested by their botanical name, *Hevea brasiliensis*) until about 100 years ago, when the British took the first rubber seeds there out of the Amazon jungle. From these sprang the huge rubber industry — now very largely Asian-owned. Tea-plants were brought to India by the British somewhat earlier; their origin is shown in the botanical name *Camellia sinensis*, as well as in the phrase 'all the tea in China'.

Mr Charles Clarke, a former President of the National Union of Students, said in

his presidential address delivered in December 1976: 'For over a hundred years British industry has been draining wealth away from those countries.' Far from draining wealth from the less developed countries, British industry helped to create it there, as external commerce promoted economic advance in large areas of the Third World where there was no wealth to be drained.

Western churches and charities are on the same bandwagon. Professor Ronald J Sider is a prominent American churchman. In an article entitled 'How We Oppress the Poor' in *Christianity Today* (16 July 1976), an influential Evangelical magazine, he wrote about the 'stranglehold which the developed West has kept on the economic throats of the Third World' and then went on to say, 'It would be wrong to suggest that 210 million Americans bear sole responsibility for all the hunger and injustice in today's world. All the rich developed countries are directly involved ... we are participants in a system that dooms even more people to agony and death than the slave system did'. These are evident fantasies. Famines occur in Third World countries largely isolated from the West. So far from condemning Third World people to death, Western contacts have been behind the large increase in life expectation in the Third World, so often deplored as the population explosion by the same critics.

Many charities have come to think it advantageous to play on the theme of Western responsibility. According to a widely publicized Oxfam advertisement of 1972;

Coffee is grown in poor developing countries like Brazil, Colombia and Uganda. But that does not stop rich countries like Britain exploiting their economic weakness by paying as little for their raw coffee as we can get away with. On top of this, we keep charging more and more for the manufactured goods they need to buy from us. So? We get richer at their expense. Business is Business.

A similar advertisement was run about cocoa. Both advertisements were subsequently dropped in the face of protests by actual and potential subscribers. The allegations in these advertisements are largely meaningless, and they are also unrelated to reality. The world prices of coffee and cocoa, which were as it happens very high in the 1970s, are determined by market forces and not prescribed by the West. On the other hand, the

farmers in many of the exporting countries receive far less than the market prices, because they are subject to very high export taxes and similar government levies. The insistence on the allegedly low prices paid by the West to the producers and the lack of any reference to the penal taxation of the producers locally are examples that this guilt literature is concerned more with the flagellation of the West than with improving the conditions of the local population.

The intellectuals outside the academies and churches are also well to the fore. Cyril Connolly wrote in an article entitled 'Black Man's Burden' (*Sunday Times*, London, 23 February 1969):

It is a wonder that the white man is not more thoroughly detested than he is In our dealings with every single country, greed, masked by hypocrisy, led to unscrupulous coercion of the native inhabitants Cruelty, greed and arrogance ... characterized what can be summed up in one word, exploitation

If this were true, Third World countries would now be poorer than they were before Western contacts. In fact, they are generally much better off.

Insistence that the West has caused Third World poverty is collective self-accusation. The notion itself originated in the West. For instance, Marxism is a Western ideology, as is the belief that economic differences are anomalous and unjust, and that they reflect exploitation. But people in the Third World especially articulate people with contacts with the West, readily believed what they were told by prominent academics and other intellectuals, the more so because the idea accorded with their interests and inclinations.

Inspired by the West, Third World politicians have come habitually to insist that the West has exploited and still exploits their countries. Dr Nkrumah, a major Third World figure of the 1950s and 1960s, was a well-known exponent of this view. He described Western capitalism as 'a world system of financial enslavement and colonial oppression and exploitation of a vast majority of the population of the earth by a handful of the so-called civilized nations'.⁵ In fact, until the advent of Dr Nkrumah, Ghana (the former Gold Coast) was a prosperous country as a result of cocoa exports to the West, with the cocoa farmers the most prosperous and the subsistence producers the poorest groups there.

Julius Nyerere, President of Tanzania, is a highly regarded, almost venerated, world figure.⁶ He said in the course of a State visit to London in 1975: 'If the rich nations go on getting richer and richer at the expense of the poor, the poor of the world must demand a change' When the West established substantial contact with Tanganyika (effectively the present Tanzania) in the nineteenth century, this was an empty region, thinly populated with tribal people exposed to Arab slavers. Its relatively modest progress since then has been the work primarily of Asians and Europeans.

The notion of Western exploitation of the Third World is standard in publications and statements emanating from the Soviet Union and other Communist countries. Here is one example. The late Soviet Academician Potekhin was a prominent Soviet authority on Africa. He is worth quoting because Soviet economic writings are taken seriously in Western universities: Why is there little capital in Africa? The reply is evident. A considerable part of the national income which is supposed to make up the accumulation fund and to serve as the material basis of progress is exported outside Africa without any equivalent.⁷

No funds are exported from the poorest parts of Africa. Such remittances as there are from the more prosperous parts of the continent (generally very modest in the case of Black Africa, to which Potekhin refers) are partial returns on the resources supplied. In the most backward areas there are no foreigners and no foreign capital. It is the opposite of the truth to say that the reason there is little capital in Africa is that much of the national income is 'exported ... without any equivalent'. In Africa as elsewhere in the Third World, the most prosperous areas are those with most commercial contacts with the West.

I could cite many more such allegations, but the foregoing should suffice to illustrate the general theme. In subsequent sections I shall note more specific allegations, some of them even more virulent than those already quoted.

Material progress

Far from the West having caused the poverty in the Third World, contact with the West has been the principal agent of material progress there. The materially

more advanced societies and regions of the Third World are those with which the West established the most numerous, diversified and extensive contacts: the cash-crop producing areas and entrepôt ports of South-East Asia, West Africa and Latin America; the mineral-producing areas of Africa and the Middle East; and cities and ports throughout Asia, Africa, the Caribbean and Latin America. The level of material achievement usually diminishes as one moves away from the foci of Western impact. The poorest and most backward people have few or no external contacts; witness the aborigines, pygmies and desert peoples.

All this is neither new nor surprising, since the spread of material progress from more to less advanced regions is a commonplace of history. In medieval Europe, for instance, the more advanced regions of Central and Eastern Europe and Scandinavia were the areas with most contacts with France, the Low Countries and Italy, the most advanced parts of Europe at the time. The West was materially far ahead of the present Third World countries when it established extensive and diverse economic contacts with them in the nineteenth and twentieth centuries. It was through these contacts that human and material resources, skills, capital and new ideas, including the idea of material progress itself (and, incidentally, that of Western guilt too) flowed from the West to the Third World.

In recent times the role of external contacts in promoting economic advance in the Third World has been much more significant than that of similar contacts in the earlier history of Europe. To begin with, and as just noted, the very idea of material progress in the sense of sustained, steady and increasing control over man's environment is a Western concept. People in the Third World did not think of these terms before the advent of Western man. Scholars of such widely differing philosophical and political persuasion as, for instance, J.B. Bury and Christopher Dawson, have for long recognized the Western origin of the idea of material progress. The Western impulse behind economic advance in the Third World has also been acknowledged by writers who recognized this progress but warned against the disturbing, even corrosive, results of the sudden impact of contact

with materially much more advanced societies.⁸

The West developed multifarious contacts with the Third World in the nineteenth and twentieth centuries, when the difference in economic attainment between the West and these regions was very wide, much wider than such differences had been in the past. Thus these contacts offered correspondingly greater opportunities, especially in view of the great improvements in transport and communications over the last two hundred years or so.

Since the middle of the nineteenth century commercial contacts established by the West have improved material conditions out of all recognition over much of the Third World, notably in South-East Asia; parts of the Middle East; much of Africa, especially West Africa and parts of East and Southern Africa; and very large parts of Latin America, including Mexico, Guatemala, Venezuela, Colombia, Peru, Chile, Brazil, Uruguay and Argentina. The transformation of Malaya (the present Malaysia) is instructive. In the 1890s it was a sparsely populated area of Malay hamlets and fishing villages. By the 1930s it had become the hub of the world's rubber and tin industries. By then there were large cities and excellent communications in a country where millions of Malays, Chinese and Indians now lived much longer and better than they had formerly, either in their countries of origin or in Malaya.

Large parts of West Africa were also transformed over roughly the same period as a result of Western contacts. Before 1890 there was no cocoa production in the Gold Coast or Nigeria, only very small production of cotton and groundnuts and small exports of palm oil and palm kernels. By the 1950s all these had become staples of world trade. They were produced by Africans on African-owned properties. But this was originally made possible by Westerners who established public security and introduced modern methods of transport and communications. Over this period imports both of capital goods and of mass consumer goods for African use also rose from insignificant amounts to huge volumes. The changes were reflected in government revenues, literacy rates, school attendance, public health, life expectation, infant mortality and many other indicators.

Statistics by themselves can hardly convey the far-reaching transformation which took place over this period in West Africa and elsewhere in the Third World. In West Africa, for instance, slave trading and slavery were still widespread at the end of the nineteenth century. They had practically disappeared by the end of the First World War. Many of the worst endemic and epidemic diseases for which West Africa was notorious throughout the nineteenth century had disappeared by the Second World War. External contacts also brought about similar far-reaching changes over much of Latin America.

The role of Western contacts in the material progress of Black Africa deserves further notice. As late as the second half of the nineteenth century Black Africa was without even the simplest, most basic ingredients of modern social and economic life. These were brought there by Westerners over the last hundred years or so. This is true of such fundamentals as public security and law and order; wheeled traffic (Black Africa never invented the wheel) and mechanical transport (before the arrival of Westerners, transport in Black Africa was almost entirely by human muscle); roads, railways and man-made ports; the application of science and technology to economic activity; towns with substantial buildings, clean water and sewerage facilities; public health care, hospitals and the control of endemic and epidemic diseases; formal education. These advances resulted from peaceful commercial contacts. These contacts also made easier the elimination of the Atlantic slave trade, the virtual elimination of the slave trade from Africa to the Middle East, and even the elimination of slavery within Africa.

Although peaceful commercial contacts had nothing to do with the Atlantic slave trade, in the contemporary climate it is impossible not to refer to that trade in a discussion of Western responsibility for Third World poverty.

Horrible and destructive as was the Atlantic slave trade, it cannot be claimed legitimately as a cause of African backwardness, still less of Third World poverty. Asia was altogether untouched by it. The most backward parts of Africa, such as the interior of Central and Southern Africa and most of East Africa, were largely unaffected by it.⁹

The slave trade between Africa and the Middle East ante-dated the Atlantic slave trade by centuries, and far outlasted it. Slavery was endemic over much of Africa long before the emergence of the Atlantic slave trade, and it was eventually stamped out by the West. Arabs and Africans do not seem to feel guilty about slavery and the slave trade; but Western Europeans and Americans often do and are made to do so. And yet it was due to their efforts that these practices were largely eliminated. Guilt is a prerogative of the West.

Western activities — supplemented at times by those of non-Western immigrants, notably Chinese, Indians and Levantines whose large-scale migration was made possible by Western initiative — have thus transformed material conditions in many parts of the Third World. All this is not to say that over the past hundred years there has been substantial material advance uniformly throughout the Third World. Large areas, especially in the interior of the Third World, have had few contacts with the West. Moreover, in much of the Third World the political, social and personal determinants of economic performance are often uncongenial to economic achievement. And the policies of many governments plainly obstruct economic achievement and progress. Again, people often refuse to abandon attitudes and mores which obstruct economic performance. They are not prepared to give up their established ways for the sake of greater prosperity. This is a preference which is neither unjustified nor reprehensible.

Such considerations in no way warrant the allegations that Western contacts have obstructed or retarded Third World progress. Wherever local conditions have permitted it, commercial contacts with the West, and generally established by the West, have eliminated the worst diseases, reduced or even eliminated famine, extended life expectation and improved living standards.

Misconceptions

Many of the assertions of Western responsibility for Third World poverty imply that the prosperity of relatively well-to-do

persons, groups and societies is achieved at the expense of the less well-off. These assertions express the misconception that the incomes of the well-to-do have been taken from others. In fact, with a few clearly definable exceptions, which do not apply to the relations between the West and the Third World, incomes whether of the rich or of the poor are earned by their recipients. In the Third World it is an article of faith of the most influential and articulate groups that their societies have been exploited by the West, both by Western individuals and Western companies, and also by locally resident ethnic minorities such as the Chinese in South-East Asia, Asians in East Africa, and Levantines in West Africa. The appeal of these misconceptions is all too familiar. They are especially useful to politicians who have promised a prosperity which they cannot deliver. But they are also useful to other influential local groups who expect to benefit from policies inspired by these ideas, especially from the expropriation of foreign enterprises or discrimination against minorities.

In recent decades certain readily recognizable influences have reinforced the notion that the prosperity of some group means that others have been exploited. The impact of Marxist-Leninist ideology has been one such influence. In this ideology any return on private capital implies exploitation, and service industries are regarded as unproductive. Thus, earnings of foreign capital and the incomes of foreigners or ethnic minorities in the service industries are evidence of forms of exploitation. Further, neo-Marxist literature has extended the concept of the proletariat to the peoples of the Third World, most of whom are in fact small-scale cultivators. In this literature, moreover, a proletariat is exploited by definition, and is poor because it is exploited.¹⁰

The idea of Western responsibility for Third World poverty has also been promoted by the belief in a universal basic equality of people's economic capacities and motivations. This belief is closely related to egalitarian ideology and policy which have experienced a great upsurge in recent decades. If people's attributes and motivations are the same everywhere and yet some societies are richer than others, this suggests that the former have exploited the rest.¹¹ Because the public in

the West has little direct contact with the Third World, it is often easy to put across the idea that Western conduct and policies have caused poverty in the Third World.

The recent practice of referring to the poor as deprived or under-privileged again helps the notion that the rich owe their prosperity to the exploitation of the poor. Yet how could the incomes of, for example, people in Switzerland or North America have been taken from, say, the aborigines of Papua, or the desert peoples or pygmies of Africa? Indeed, who deprived these groups and of what?¹²

Colonialism

The principal assumption behind the idea of Western responsibility for Third World poverty is that the prosperity of individuals and societies generally reflects the exploitation of others. Some variants or derivatives of this theme are often heard, usually geared to particular audiences. One of these variants is that colonialism has caused the poverty of Asia and Africa. It has particular appeal in the United States where hostility to colonialism is traditional. For a different and indeed opposite reason, it is at times effective in stirring up guilt in Britain, the foremost ex-colonial power.

Whatever one thinks of colonialism, it cannot be held responsible for Third World poverty. Some of the most backward countries never were colonies, as for instance Afghanistan, Tibet, Nepal, Liberia. Ethiopia is perhaps an even more telling example (it was an Italian colony for only six years in its long history). Again, many of the Asian and African colonies progressed very rapidly during colonial rule, much more so than the independent countries in the same area. At present one of the few remaining European colonies is Hong Kong — whose prosperity and progress should be familiar.¹³ It is plain that colonial rule has not been the cause of Third World poverty.

Nor is the prosperity of the West the result of colonialism. The most advanced and the richest countries never had colonies, including Switzerland and the Scandinavian countries; and some were colonies of others and were already very pro-

sperous as colonies, as for instance North America and Australasia. The prosperity of the West was generated by its own peoples and was not taken from others. The European countries were already materially far ahead of the areas where they established colonies.

In recent years the charges that colonialism causes Third World poverty have been expanded to cover 'colonialism in all its forms'. The terms 'economic colonialism' and 'neo-colonialism' have sprung up to cover external private investment, the activities of multinational companies, and indeed almost any form of economic relationship between relatively rich and relatively poor regions or groups. Reference to 'colonialism in all its forms' as a cause of Third World poverty is a major theme at UNCTAD meetings. This terminology has become common currency in both academic literature and in the media. It regularly confuses poverty with colonial status, a concept which has normally meant lack of political sovereignty.

One unusually direct formulation of these ideas (which are normally expressed in much more convoluted form in the academic and official literature) was provided in an editorial in the June 1978 issue of *Poverty and Power* published by War on Want, a British charity:

We see poverty in the Third World as a result of colonial looting in the past and neo-colonial exploitation in the present.

The demise of political colonialism has probably been another important factor behind the shift in terminology. Disappearance of colonial rule has forced the accusers of the West to find new ground for their charges. Hence the terminology of neo-colonialism and economic colonialism. The usage represents a shift in the basis of accusation and at the same time it retains the benefits of the older, familiar terminology. The influence of Marxist-Leninist doctrine has also promoted the new terminology. According to Marxist-Leninist ideology, colonial status and foreign investment are by definition evidence of exploitation. In fact, foreign private investment and the activities of the multinational companies have expanded opportunities and raised incomes and government revenues in the Third World. Reference to economic colonialism and neo-colonialism both debase the language and distort the truth.¹⁴

International trade

The West is now widely accused of manipulating international trade to the detriment of the Third World. This accusation is a major theme of the demands for a New International Economic Order. In particular, the West is supposed to inflict unfavourable and persistently deteriorating terms of trade on the Third World. Among other untoward results, this influence is said to have resulted in a decline in the share of the Third World in total world trade, and also in a large volume of Third World foreign debt. These allegations are again irrelevant, unfounded and often the opposite of the truth.¹⁵

The poorest areas of the Third World have no external trade. Their condition shows that the causes of backwardness are domestic and that external commercial contacts are beneficial. Even if the terms of trade were unfavourable on some criterion or other, this would only mean that people do not benefit from foreign trade as much as they would if the terms of trade were more favourable. People benefit from the widening of opportunities which external trade represents. Besides this last and basic conclusion, there are many other objections to the notion that the terms of trade are somehow inherently unfavourable to the Third World, and external commercial contacts damaging to it.

As the Third World comprises most of the world, the aggregation of the terms of trade of all its countries has a very limited meaning. The terms of trade of some Third World countries and groups of countries move differently and often in opposite directions from those of others; the effect of the OPEC price increases on many Third World countries is only one recent and familiar example.

Again, except over very short periods, changes in the terms of trade as conventionally measured are of little welfare significance without reference to changes in the cost of production of exports, the range and quality of imports, and the volume of trade. In so far as changes in the terms of trade do affect development and welfare, what matters is the amount of imports which can be purchased with a unit of domestic resources. This figure cannot be inferred simply from the ratio of import and export prices because these do not take into account the cost of production of

exports. (In technical language, the comparisons relevant to economic welfare and development are the factoral terms of trade, which allow for changes in the cost of production, and not the simple ratio between import and export prices, i.e. crude commodity terms.) Further, expressions such as unfavourable terms of trade are meaningless except by reference to a base period. In recent decades, however, even the crude commodity terms of trade of Third World countries have been exceptionally favourable. When changes in the cost of production, the great improvement in the range and quality of imports, and the huge increase in the volume of trade are taken into account, the external purchasing power of Third World exports is now relatively high, probably more so than ever before. This situation has made it easier for governments to retain a larger proportion of export earnings through major increases in mining royalty rates, export taxes and corporation taxes. The imposition of substantial export taxes, often very high in the Third World, makes clear that the terms of trade of a country do not determine people's ability to buy imports, much less their living standards.

The exponents of the idea that the terms of trade of the Third World deteriorate persistently rarely specify the period they envisage for this process. Yet it must come to an end at some stage before the terms of trade decline to zero.¹⁶ Nor is it usually made clear why there should be such a deterioration. It is often implied that the West can somehow manipulate international prices to the disadvantage of the Third World. But the West cannot prescribe international prices. These prices are the outcome of innumerable individual decisions of market participants. They are not prescribed by a single individual decision-maker, or even by a handful of people acting in collusion.¹⁷

The share of a country or group of countries in total world trade is by itself no index of prosperity or welfare. Similarly, reduction in this share has by itself no adverse economic implications. It often reflects the expansion of economic activity and trade elsewhere, which does not normally damage but usually benefits those whose relative share has declined. For instance, since the 1950s the large increase in the foreign trade of Japan, the

reconstruction of Europe, and the liberalization of intra-European trade have brought about a decline in the share of other groups in world trade, including that of the United States and the United Kingdom. Furthermore, the share of a country or group of countries in world trade is often reduced by domestic developments, and in particular by policies unrelated to external circumstances such as increased domestic use of previously exported products, or domestic inflation, or special taxation of exporters, or the intensification of protectionist policies. Merely as an aside, it is worth noting that since the Second World War the Third World's share of total world trade has in fact much increased compared with earlier times. It is evident that this share has increased hugely under Western influence in the modern period. Before then, the areas forming the present Third World had little external trade. Of course, if international trade harmed the peoples of the Third World as the critics of the West so often allege, then a decline in the share of the Third World in this trade would be beneficial. Ultimate economic bliss would be attained when the Third World no longer had external economic relations, at any rate with the West.

The external debts of the Third World are not the result or reflection of exploitation. They represent resources supplied. Indeed, much of the current indebtedness of Third World governments consists of soft loans under various aid agreements, frequently supplemented by outright grants. With the worldwide rise in prices, including those of Third World exports, the cost even of these soft loans has diminished greatly. Difficulties of servicing these debts do not reflect external exploitation or unfavourable terms of trade. They are the result of wasteful use of the capital supplied, or inappropriate monetary and fiscal policies. Again, the persistent balance of payments deficits of some Third World countries do not mean that they are being exploited or impoverished by the West. Such deficits are inevitable if the government of a country, whether rich or poor, advancing or stagnating, lives beyond its resources and pursues inflationary policies while attempting to maintain overvalued exchange rates. Persistent balance of payments difficulties mean that external resources are being lent to the

country over these periods.

The decline of particular economic activities, as for instance the Indian textile industry in the eighteenth century as a result of competition from cheap imports, is habitually instanced as an example of the damage caused to the Third World by trade with the West. This argument identifies the decline of one activity with the decline of the economy as a whole, and the economic interests of one sectional group with those of all members of a society. Cheap imports extend the choice and economic opportunities of people in poor countries. These imports are usually accompanied by the expansion of other activities. If this were not so, the population would be unable to pay for the imports.

The so-called brain drain, the migration of qualified personnel from the Third World to the West, is another allegation of Western responsibility for Third World poverty or stagnation. This is a somewhat more complex issue than those noted so far, but it certainly does not substantiate the familiar accusation. The training of many of the emigrants was financed by the West. Again, formal education is not an indispensable instrument nor even a major instrument of emergence from personal poverty or economic backwardness — witness the rapid progress to prosperity of untrained or even illiterate people in many Third World countries. The enforced exodus or outright expulsion of many enterprising and skilled people from many Third World countries, the maltreatment of ethnic minorities or tribal groups, and the refusal of many Third World governments to allow foreigners to work inhibit development much more than do voluntary departures. And many of these emigrants leave because their own governments cannot or will not use their services. It is not the West nor the emigrants who deprive the society of productive resources: it is these Third World governments.¹⁸

The West is also said to have damaged the Third World by ethnic discrimination. But the countries in which such discrimination occurred were those where material progress was initiated or promoted by contact with the West. The most backward groups in the Third World (aborigines, desert peoples, nomads and other tribesfolk) were quite unaffected by

ethnic discrimination on the part of Europeans. Many communities against which discrimination was often practised — the Chinese in South-East Asia, Indians in parts of South-East Asia, Asians in Africa, and others — have progressed greatly. In any case, discrimination on the basis of colour or race is not a European invention. In much of Africa and Asia and notably in India it has been endemic for many centuries. Finally, any ethnic discrimination by Europeans was negligible compared with the massive and sometimes brutal persecution of ethnic and tribal groups systematically practised by the governments of many independent Asian and African states.

Altogether, it is anomalous or even perverse to suggest that external commercial relations are damaging to development or to the living standards of the people of the Third World. They act as channels for the flow of human and financial resources and for new ideas, methods and crops. They benefit people by providing a large and diverse source of imports and by opening up markets for exports. Because of the vast expansion of world trade in recent decades, and the development of technology in the West, the material advantages from external contacts are now greater than ever before. The suggestion that these relations are detrimental is not only unfounded but also damaging. For instance, it has often served as a specious but plausible justification for official restrictions on the volume or diversity of these relations.

The basic realities of the results of external contacts have been obfuscated by the practice, rife both in public discussion and in the contemporary development literature, of confusing governments or elites with the population at large.¹⁹ Many Third World governments and their local allies do indeed often benefit from state economic controls, and in particular from the restrictions on external commerce. Such restrictions enable governments to control their subjects more closely, a situation from which the rulers benefit politically and materially. Other articulate and influential local groups also benefit politically and financially from organizing or administering economic controls. These realities are concealed in allegations that the West had forced imports on Third World countries. It is, of course, the rulers

who object to the imports desired by their subjects.

The allegations that external trade, and especially imports from the West, are damaging to the populations of the Third World reveal a barely disguised condescension towards the ordinary people there, and even contempt for them. The people, of course, want the imports. If they did not the imported goods could not be sold. Similarly, the people are prepared to produce for export to pay for these imported goods. To say that these processes are damaging is to argue that people's preferences are of no account in organizing their own lives.

The disparagement of external contacts is relatively recent. Before the Second World War the role of these contacts as instruments of economic advance was widely recognized in academic and public discussion. Their role in providing both external markets and incentive goods, as well as transforming people's attitudes, was a conspicuous theme of the classical economists, including writers as different in their outlook as Adam Smith, John Stuart Mill and Marx.

Consumer goods

Apart from the damage allegedly caused to the Third World by external trade, it is frequently said nowadays that the mere existence and day-to-day activities of the peoples of the West also harm the Third World.

Cheap consumer goods developed and used in the West and available also in the Third World are said to obstruct development there because these goods supposedly encourage spending at the expense of saving. The mainstream development literature calls this the international demonstration effect. This contention disregards the level of consumption and the extension of choice as criteria of development. Yet these matters are what economic development is about. The notion of a damaging international demonstration effect also ignores the role of external contacts as an instrument of development. It overlooks the fact that the new consumer goods have to be paid for, which usually requires improved

economic performance including such things as more work, additional saving and investment, and readiness to produce for sale instead of for subsistence. Thus this accusation neglects the obvious consideration that a higher and more varied level of consumption is both the principal justification for material progress and an inducement to further economic advance.²⁰

An updated version of the international demonstration effect proposes that the eager acceptance of Western consumer goods in the Third World is a form of cultural dependence engendered by Western business. The implication here is that the peoples of the Third World lack the ability to decide for themselves how best to spend their incomes. They are looked on as children, or even as mere puppets manipulated by foreigners at will. In fact, however, Western goods have been accepted selectively and not indiscriminately in the Third World where they have been of massive benefit to millions of people. This charge of cultural dependence is often accompanied by the accusation that the West also damages the Third World through its patent laws. Thus, both the provision of Western goods and also the alleged withholding of them are said to be damaging.

As is not surprising, allegedly lavish consumption habits and the pollution and plunder of the environment in the West have also been pressed into ideological service. A standard formulation is that per capita consumption of food and energy in the United States is many times that in India, so that the American consumer despoils his Indian opposite number on a large scale. Professor Tibor Mende is an influential and widely-quoted writer on development. A few years ago he wrote: 'According to one estimate, each American has twenty-five times the impact on the environment — as a consumer and polluter — as an Indian' (*Newsweek*, 23 October 1972). Note the reference to each American as consumer and polluter, but not as a producer.

Even babies are drafted into the campaign to promote Western guilt, notably in the familiar pictures of babies with distended bellies. An article entitled 'The Greed of the Super Rich' in the London *Sunday Times*, 20 August 1978, opens as follows:

One American baby consumes fifty times more of the world's resources than an Indian baby The wheat need of the people in Africa's Sahel region could have been met by a twentieth of the wheat European countries use each year to feed cattle.

The West has even come to be accused of mass cannibalism. According to Professor René Dumont, the widely-known French agronomist and consultant to international organizations: '... in over-consuming meat, which wasted the cereals which could have saved them, we ate the little children of Sahel, of Ethiopia, and of Bangladesh'.²¹ This grotesque allegation has come to be widely echoed in the West. According to Miss Jill Tweedie of *The Guardian* (London): 'A quarter of the world's population lives, quite literally, by killing the other three-quarters' (*The Guardian*, 3 January 1977). And another article prominently featured in *The Guardian* of 11 June 1979 referred to the

social cannibalism which has reduced over three-quarters of mankind to beggary, poverty and death, not because they don't work, but because their wealth goes to feed, clothe, and shelter a few idle classes in America, Europe, and Japan ... money-mongers in London and New York and in other Western seats of barons living on profit snatched from the peasants and workers of the world.²²

Such ridiculous statements could be multiplied many times over. Their expression by prominent academics and by journalists in the so-called quality press tells much about the contemporary intellectual scene.

The West has not caused the famines in the Third World. These have occurred in backward regions with practically no external commerce. The absence of external trading links is often one aspect of the backwardness of these regions. At times it reflects the policies of the rulers who are hostile to traders, especially to non-indigenous traders, and often even to private property. As a matter of interest, it has proved difficult to get emergency supplies to some of the Sahelian areas because of poor communications and official apathy or hostility. Attempts permanently to support the populations of such backward areas with Western official donations would inhibit the development of viable agriculture there.

Contrary to the various allegations and accusations noted in this section, the higher level of consumption in the West is

not achieved by depriving others of what they have produced. Western consumption is more than paid for by Western production. This production not only finances domestic consumption but also provides the capital for domestic and foreign investment as well as foreign aid. Thus the gap between production in the West and in the Third World is even greater than the gap in consumption.

Politicization

The West has indeed contributed to Third World poverty, in two senses. These, however, differ radically from the familiar assertions.

First, Western activities since the Second World War have done much to politicize economic life in the Third World. In the terminal years of British colonial rule the traditional policy of relatively limited government was abandoned in favour of close official economic controls. As a result of this change in policy in most British colonies outside the Far East and South-East Asia, a ready-made framework for state-controlled economies or even for totalitarian states was presented to the incoming independent governments. The operation of official Western aid to Third World governments, reinforced by certain strands in its advocacy and by the criteria of its allocation, has also served to politicize life in the Third World.²³ These controls have wasted resources, restricted social and economic mobility and also external contacts. They have also provoked fierce political and social strife. These consequences in turn have brought about poverty and even large-scale suffering.

Many independent Third World governments would presumably have attempted in any case to politicize their economies extensively, because this greatly enhances the power of the rulers. But they are unlikely to have gone so far as they have in recent years, or to have succeeded in their attempts, without Western influence and assistance. But all this does not validate the position of the exponents of Western guilt. The most vocal and influential critics both of colonial rule and of Western contacts with the Third World

have emphatically urged large-scale economic controls and other forms of politicization of life in the Third World. Indeed, they have blamed colonial governments and Western influence for not promoting such policies sooner and more vigorously.

Second, Western contacts with the Third World have helped bring about the sharp decline in mortality in the Third World which is behind the recent rapid population growth there. These Western contacts have therefore enabled many more people to survive and have thus increased apparent poverty. But this outcome represents an improvement in the condition of people, and is not the result of deprivation.

Stereotype

The allegations that external contacts damage the Third World are plainly condescending. They clearly imply that Third World people do not know what is good for them, nor even what they want. The image of the Third World as a uniform stagnant mass devoid of distinctive character is another aspect of this condescension. It reflects a stereotype which denies identity, character, personality and responsibility to the individuals and societies of the Third World. Because the Third World is defined as the whole world with the exception of the West and a handful of Westernized societies (such as Japan and South Africa) it is regarded as if it were all much of a muchness. Time and again the guilt merchants envisage the Third World as an undifferentiated, passive entity, helplessly at the mercy of its environment and of the powerful West.

The exponents of Western guilt further patronize the Third World by suggesting that its economic fortunes past, present and prospective, are determined by the West; that past exploitation by the West explains Third World backwardness; that manipulation of international trade by the West and other forms of Western misconduct account for persistent poverty; that the economic future of the Third World depends largely on Western donations. According to this set of ideas, whatever happens to the Third World is

largely our doing. Such ideas make us feel superior even while we beat our breasts.

A curious mixture of guilt and condescension is also discernible behind the toleration or even support of inhuman policies of many Third World governments. The brutalities of the rulers are often excused on the ostensible ground that they are only following examples set by the West. For instance, when Asian or African governments massively persecute ethnic minorities, they are excused by their Western sympathizers as doing no more than adopting a local variant of ethnic discrimination by Europeans. Similarly, the most offensive and baseless utterances of Third World spokesmen need not be taken seriously because they are only Third World statements, a licence which has been extended to their supporters in the West. In this general scheme of things, neither Third World rulers nor their peoples have minds or wills of their own: they are envisaged as creatures moulded by the West or, at best, as being at the mercy of their own environment. Moreover, like children, they are not altogether responsible for what they do. In any case, we must support them to atone for alleged wrongs which our supposed ancestors may have perpetrated on their supposed ancestors.²⁴ And economic aid is also necessary to help these children grow up.

Insistence on Western foreign aid is a major theme of the recent literature of Western guilt. But whether or not linked to patronization (and it usually is so linked), the idea of Western guilt is not only unfounded but is also a singularly inappropriate basis for aid. It leads to a disregard of the effects of aid in the recipient countries and of the conduct of the recipient governments. It discourages even cursory examination of the likely political, social and economic results of Western alms. The prime concern is with divesting the West of resources, not with the effects of its donations.

A feeling of guilt has nothing to do with a sense of responsibility or a sense of compassion. Exponents of guilt are concerned with their own emotional state and that of their fellow citizens, and now with the results of the policies inspired by such sentiments. These policies damage the West. They damage the ordinary people in the Third World even more.

References

- 1 In current usage the Third World means most of Asia except Japan and Israel, most of Africa except white southern Africa, and Latin America. Classification of the oil-producing countries is often vague — sometimes they are included in the Third World, sometimes not.
- 2 Throughout this chapter, Western responsibility refers to the accusation that the West has inflicted backwardness or poverty on the Third World. This usage again accords with standard practice.
- 3 Paul A. Baran, *The Political Economy of Growth*, New York, Monthly Review Press, 1957, p 177.
- 4 Peter Townsend, *The Concept of Poverty*, London, Heinemann, 1970, pp 41-2.
- 5 Kwame Nkrumah, *Towards Colonial Freedom*, London, Heinemann, 1962. Cf. also P.T. Bauer, *Dissent on Development*, op cit., chapters 3 and 4.
- 6 An adulatory profile in *The Observer* (23 November 1975) cosily referred to Nyerere as 'St. Julius'. An article in the *Financial Times* (11 August 1975) described him as 'Africa's senior statesman and a man of formidable intellect'.
- 7 I. Potekhin, *Problems of Economic Independence of African Countries*, Moscow, Academy of Sciences, 1962, pp. 14-15.
- 8 A list of such warnings and objections will be found in *Dissent on Development* op. cit.
- 9 In fact, the areas most involved in the Atlantic slave trade, particularly West Africa, have become the economically most advanced areas in Black Africa. A recent study of pre-colonial South-Eastern Nigeria examines the economic development promoted by the slave trade which '... led to sufficient economic development of the region' to enable the profitable trade in palm-oil to burgeon in the early nineteenth century. David Northrup, *Trade Without Rulers: Pre-colonial Economic Development in South-Eastern Nigeria*, Oxford, Clarendon Press, 1978, p. 176.
- 10 This extension of Marxist-Leninist ideology is reflected, for instance, in the passage from the Soviet Academician Potekhin, section 2 above. Marxist-Leninist statements are apt to be designed for political purposes. Thus, in Potekhin's booklet, the passage I have quoted is followed immediately by the injunction that Western enterprises in Africa should be expropriated and economic activity collectivized. This injunction is now accepted by a number of African states.
- 11 This relationship was noted in chapter 1 of this book.
- 12 Underprivileged is a nonsense expression akin to under- or overfed. Privilege connotes special advantages conferred on some people and denied to others.
- 13 See chapter P.T. Bauer, *Equality, the Third World and economic delusion*, London, Weidenfeld and Nicholson, 1981.
- 14 A convenient recent example is a statement by the Ayatollah Khomeini in January 1979: 'Our people are weary of it (colonial domination). Following their example other countries will free themselves from the colonial grip.' *Daily Telegraph*, 10 January 1979. In its long history Iran never was a Western colony. Further examples of this usage are noted in *Dissent on Development*, chapter 3, 'The Economics of Resentment'.
- 15 These allegations and the demand for a New International Economic Order are discussed at some length in several essays in Karl Brunner (ed.) *The First World and the Third World*. University of Rochester, N.Y., 1978. See especially essays by Karl Brunner, Harry G. Johnson, Peter T. Bauer and Basil S. Yamey.
- 16 When some ostensible evidence is produced in support of these allegations, it usually turns out to involve shifts in base periods or in the aggregates under discussion. I have examined these matters in some detail in *Dissent on Development*, chapter 6: 'A Critique of UNCTAD'.
- 17 Even if the West had the market power implied in many of these discussions, this would not account for a deterioration of the terms of trade, unless the effectiveness of this power increased persistently. Any such idea would be quite unrelated to reality.
- 18 An article in *The Observer* (22 July 1979) was entitled 'The boat people's "brain drain" punishes Vietnam'. The article suggested that the refugees from Vietnam were selfish and unpatriotic people who left because they could earn more elsewhere, and because they would not accept the new socialist order. It suggested further that this brain drain deprived the country of much-needed skills, especially medical skills. The article used the terms *brain drain*, *exodus* and *loss* to describe what was in fact a well-documented example of a huge mass expulsion — a revealing misuse of language.
- 19 The distinction which applies in many contexts is pertinent also to an assessment of changes in a country's terms of trade. As noted earlier in this section, changes in the terms of trade do not necessarily correspond to the ability of people to buy imports.
- 20 At the official level, a damaging international demonstration effect may indeed operate by encouraging show projects and unsuitable technologies financed with public funds. But this is not usually what the exponents of the international demonstration effect have in mind. Nor is it appropriate to blame the West for the policies of Third World governments in their adoption of unsuitable external models.
- 21 Quoted by Daniel P. Moynihan, 'The United States in Opposition', *Commentary*, March 1975.
- 22 The article, written by Ngugi wa Thiong'O, opened a special survey of Kenya.
- 23 These implications and results of official foreign aid are examined at greater length in the next chapter.
- 24 Cf. chapter 5, section 13.

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