

## **Economic Dualism and The Third World**

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### **ABSTRACT**

This paper attempts to evaluate the mutual contradiction inherent in human societies. Inevitably, poverty and opulence tend to co-exist within same space and time at all levels of social strata. This phenomenon is often reinforced by the upper hierarchy within societies. We also attempt to seek for paradigms that could reverse the status quo. Economic dualism entails the mutual and often antagonistic coexistence of two or more exclusive entities of economic processes in a given space. It could take the form of wealthy, industrialized nations coexisting with weak, agrarian economies of the Third World countries, or rich and affluent individuals coexisting side by side with poor, malnourished masses of people. The paradigm argued that the different set of conditions of 'superiority' and 'inferiority' is a deliberate one. This co-existence is lopsided and not merely transitional.

**KEYWORDS: Dualism, Exploitation, Poverty, Inequality, Development**

## 1.1 INTRODUCTION

Economic dualism is a pattern or paradigm which shows the existence of two (sometimes more) separate but symbiotic sets of economic processes or markets within the same socio-political space (Marshall, 1998). In the contemporary underdeveloped societies, for example, a dual economy is formed by the interplay between poor subsistence agriculture and capitalist production of basic commodities or industrial raw materials for the international market. An analogous division exists in highly industrialized economies between the corporate centre and peripheral firms (Todaro & Smith, 2011). Also, economic dualism entails the interaction in one place of two situations or phenomena (one desirable and the other one not) that are mutually exclusive to different groups of society, example, extreme poverty and affluence.

The Dualistic-Development Thesis embraces the following key arguments (ibid):

1. That the “different sets of conditions, of which some are ‘superior’ and others ‘inferior’ can coexist in a given space. Example, Lewis’s notion of the coexistence of the modern and traditional methods of production in urban and rural sectors; the existence of wealthy, highly educated elites with masses of illiterate poor people: and the dependence notion of the existence of powerful and wealthy industrialized nations with weak, impoverished peasants’ societies in the international economy”.
2. That “this coexistence is chronic and not merely transitional”. “It is not due to a ‘temporary phenomenon”, in which case time could eliminate the discrepancy between superior and inferior elements.”
3. That “Not only do the degrees of superiority or inferiority fail to show any sign of diminishing, but they even

have an inherent tendency to increase.”

4. That “the interrelations between the superior and inferior elements are such that the existence of the superior elements does little or nothing to pull up the inferior elements, let alone ‘trickle down’ to it. Infact, it may actually serve to push it down – to develop its underdevelopment.”

According to a UNDP Human Development Report (1995),” about 75% of the world’s population are in developing countries, but they enjoy only 16% of the world’s income, while the richest 20% have 85% of global income. While humans shares one world, it is a world on which there are two planets: the planet of the rich and the planet of the poor – (Rannan Wetiz (1986)).

## 2.1 LITERATURE REVIEW

Gerard Chaliand (1983) views that lack of progress in the global south is marked by a series of common parameters such as: deformed and misled economies devoted to producing raw materials for the developed world and to provide markets for their finished bourgeoisie industries based abroad; traditional, weak social structures; exponential population growth; and resultant abject poverty. However, the global south, otherwise known as the third world is sharply differentiated, for it includes countries on various categories of economic progress. And despite the poverty of the generality of the masses and the urban squalor, the ruling elites of most third world countries are wealthy.

Kasdan, A. R. (1973) argues that in the Third World, the technologically less advanced, or developing, nations of the

global south, generally characterized as poor, having economies colonized and exploited by their reliance on the export of raw materials to the West in return for finished products. These nations are also plagued by low educational levels, natural calamities and demographic challenges. The term "Third World" was originally coined to distinguish the non-aligned nations that acquired self-rule from colonial rule beginning after World War II from the Western colonialists, and sometimes more specifically from the United States and from the former Soviet Union (the first and second worlds, respectively). For the most part, the nomenclature does not include China. Politically, the Third World emerged at the Bandung Conference (1955), which resulted in the establishment of the Non-aligned Movement. Going by numerical strength, the global south or the "Third World" dominates the United Nations, but the group is diverse culturally and increasingly economically, and its unity is only hypothetical. The oil-rich nations, such as Saudi Arabia, Kuwait, and Libya, and the newly emerged industrial states, such as Taiwan, South Korea, and Singapore, have little in common with desperately poor nations, such as Haiti, Chad, and Afghanistan. Interestingly, only China has a permanent seat in the UN-security council.

Hermassi, E. (1980) argued that the First World is the developed world - US, Canada, Western Europe, Japan, Singapore, Taiwan, Australia, and New Zealand. The Second World was the Communist world led by the USSR. With the demise of the USSR and the communist bloc, there is no longer an official Second World ranking, although Vietnam, China, Russia, Cambodia and Laos have "communist" governments. The Third World is the underdeveloped world - agrarian, rural and poor. Most Third World countries have a few developed cities, but the rest of the country is poor, rural and agrarian. Eastern Europe should probably be considered 'Third

World'. Russia should also be considered a Third World country with modern nuclear weaponry. China has always been considered part of the global south, although it is modernizing, has nuclear arsenals, and has urban centres of intense development. Generally, Latin America, Mexico, Africa, and most of Asia are still considered 'Third World'. The Asian dragons - South Korea, Malaysia, and Thailand, except for their big cities, their maquiladora-type production facilities, a small middle class and much smaller ruling elite should probably be considered 'Third World' countries as well, since their populations are overwhelmingly rural, agrarian and poor.

Todaro & Smith. (2011) argued that the name "Third World" is not universally accepted. Some prefer other terms such as - Global South, the South, non-industrialized countries, developing countries, underdeveloped countries, undeveloped countries, mal-developed countries, or emerging nations. The term "Third World" is the one most widely used in the media today, but no one term can describe all less-developed countries accurately.

### **3.1 WHAT DO WE MEAN BY DEVELOPMENT?**

Meaning of the term 'Development' in modern human society is a highly subjective concept. At the level of an individual, it means increased skill and capacity, greater freedom, creativity, self-discipline, self-esteem, responsibility and material well-being (Rodney, 1973). In a more strict economic terms, development has traditionally meant 'the capacity of a national economy, whose initial economic conditions has been more or less static for a long time, to generate and sustain an annual increase in its GDP at rates of perhaps 5% to 7% or more' (ibid).

The experience of the 1950s and 1960s, when many developing nations did realize

their economic growth targets but the levels of living of the masses of people remained stagnant, shows that something was amiss with this narrow definition of development. Dudley Seers posed the basic questions about the meaning of development when he succinctly when he asserted: 'the questions to ask about a country's development are thus;

What has been happening to poverty?

What has been happening to unemployment?

What has been happening to inequality?

If and when all three parameters have declined from top levels, then beyond doubts this has been a period of development for the country concerned. If and when one or two of these central parameters have been growing badly, especially if all three have, it would be strange to call the result 'development' even if per capita GDP doubled (Seers, 1979).'

#### **4.1 DIVERSE NATURE AND SIMILARITIES OF THE THIRD WORLD**

Nowadays, the financially disadvantaged countries of Asia, Africa, Oceania, and Latin America, considered as an entity with common features, such as poverty, high birth-rates, and economic reliance on the West (Charliand, 1973). Alfred Sauvy coined the term in 1952 by comparison to the "third estate," the peasants of France before and during the French Revolution- as against priests and nobles, who makes up the first and second estates respectively. According to Sauvy, the third world is "nothing", and it "wants to be something". The term therefore implies that the third world is used, cheated and neglected, and that, like the third estate, its future is changing rapidly. It also conveys a second idea, as analysed by Sauvy, that of non-alignment. For the third world belongs neither to the western capitalist world nor to the advanced eastern bloc. "The expression third world was used at the 1955 conference of

Afro-Asian countries held in Bandung, Indonesia. In 1956, some scholars close to Sauvy's National Institute of Demographic Studies published a book called "Le Tiers-Monde". Afterwards, economist Francois Perroux launched a new journal on problems of underdevelopment, with the same title. Towards the end of 1950's, the term was commonly used in the French media to refer to the countries of Asia, Africa, Oceania, and Latin America."

#### **4.2 COMMON FEATURES OF THE THIRD WORLD**

The lack of progress in the global south is marked by some common attributes such as poverty, high population, lack of advanced technology for industrial production, lack of effective and efficient financial system that could support entrepreneurship and agriculture, inconsistent government policies, lack of reliable government institutions and corruption especially by political office holders.

This features of countries in the global south linked to the absorption of the third world into the international capitalist economy, by way of conquest or indirect domination. The main analogical consequence of colonization was the formulation of a world market. By establishing colonies up throughout the third world sub-economies linked to the West, and by introducing other modern institutions, industrial capitalism disrupted traditional economies and, indeed, societies. This disruption led to underdevelopment (Rodney, 1973).

Because the economies of poor countries have been geared to the needs of western centres, they often comprise only a few modern economic activities, such as mining or the cultivation of plantation crops. Control over these activities has often remained in the hands of large foreign firms. The prices of exports from the third world are determined by large buyers in the economically dominant countries of the West, and trade with the West provides almost all the third world's income. Throughout the colonial period, outright exploitation severely limited the accumulation

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of capital within the foreign-dominated countries.

The World Bank classifies countries into four income groups. These are set each year on July 1. Economies were divided according to 2008 GNI per capita using the following ranges of income:

- 'Low income countries had GNI per capita of US\$1,000 or less.'
- 'Lower middle income countries had GNI per capita between US\$1,000 and US\$4,000.'
- 'Upper middle income countries had GNI per capita between US\$4,000 and US\$12,300.'
- 'High income countries had GNI above US\$12,300.'

For analytical purposes, the World Bank branded all low-income and middle-income countries as developing but notes: "The use of the term is convenient; it is not intended to imply that all economies in the group are experiencing similar development or that other economies have reached a preferred or final stage of development. Classification by income does not necessarily reflect development status".

### 5.1 Parameter and concept of development

'The development of a country is measured with statistical indexes such as income *per capita* (per person) (*gross domestic product*), *life expectancy*, the rate of literacy, et cetera. The UN has developed the *Human Development Index* (HDI), a compound indicator of the above statistics, to gauge the level of human progress for countries where data is available'

The terms utilized when discussing developing countries refer to the intent and to the constructs of those who utilize these terms. Other terms sometimes used are less developed countries (LDCs), least economically developed countries (LEDCs), "underdeveloped nations" or *Third World* nations, and "non-industrialized nations". Conversely, developed countries, most economically developed countries (MEDCs),

First World nations and "industrialized nations" are the opposite end of the spectrum.

To moderate the euphemistic aspect of the word *developing*, international organizations have started to use the term *less economically developed country* (LEDCs) for the poorest nations which can in no sense be regarded as developing. That is, LEDCs are the poorest *subset* of LDCs. This may moderate against a belief that the standard of living across the entire developing world is the same.

The concept of the developing nation is found, under one term or another, in numerous theoretical systems having diverse orientations — for example, theories of *decolonization*, *liberation theology*, *Marxism*, *anti-imperialism*, and *political economy*.

### 5.2 Critiques of the term 'developing country'

There is disapproval of the use of the name 'developing country'. The term implies inferiority of a 'developing country' or 'underdeveloped country' compared to a 'developed country', which many countries dislike. It assumes a desire to 'develop' along the traditional 'Western' model of economic development which a few countries, such as Cuba and Bhutan, have chosen not to follow (Todaro & Smith, 2011).

### 5.3 List of developing economies

The following are considered developing economies according to the *International Monetary Fund's* World Economic Outlook Report, April 2012.

1. "Afghanistan
2. Albania
3. Algeria
4. Angola
5. Antigua and Barbuda
6. Argentina
7. Armenia
8. Azerbaijan
9. Bahamas
10. Bahrain
11. Bangladesh
12. Barbados
13. Belarus

14. Belize
15. Benin
16. Bhutan
17. Bolivia
18. Bosnia and Herzegovina
19. Botswana
20. Brazil
21. Brunei
22. Bulgaria
23. Burkina Faso
24. Burma
25. Burundi
26. Cambodia
27. Cameroon
28. Cape Verde
29. Central African Republic
30. Chad
31. Chile
32. China
33. Colombia
34. Comoros
35. Democratic Republic of the Congo
36. Republic of the Congo
37. Costa Rica
38. Côte d'Ivoire
39. Croatia
40. Djibouti
41. Dominica
42. Dominican Republic
43. Ecuador
44. Egypt
45. El Salvador
46. Equatorial Guinea
47. Eritrea
48. Ethiopia
49. Fiji
50. Gabon
51. The Gambia
52. Georgia
53. Ghana
54. Grenada
55. Guatemala
56. Guinea
57. Guinea-Bissau
58. Guyana
59. Haiti
60. Honduras
61. Hungary
62. India
63. Indonesia
64. Iran
65. Iraq
66. Jamaica
67. Jordan
68. Kazakhstan
69. Kenya
70. Kiribati
71. Kosovo
72. Kuwait
73. Kyrgyzstan
74. Laos
75. Latvia
76. Lebanon
77. Lesotho
78. Liberia
79. Libya
80. Lithuania
81. Macedonia
82. Madagascar
83. Malawi
84. Malaysia
85. Maldives
86. Mali
87. Marshall Islands
88. Mauritania
89. Mauritius
90. Mexico
91. Federated States of Micronesia
92. Moldova
93. Mongolia
94. Montenegro
95. Morocco
96. Mozambique
97. Namibia
98. Nauru
99. Nepal
100. Nicaragua
101. Niger
102. Nigeria
103. Oman
104. Pakistan
105. Palau
106. Panama
107. Papua New Guinea
108. Paraguay
109. Peru
110. Philippines
111. Poland
112. Qatar
113. Romania
114. Russia

115. Rwanda
116. Saint Kitts and Nevis
117. Saint Lucia
118. Saint Vincent and the Grenadines
119. Samoa
120. São Tomé and Príncipe
121. Saudi Arabia
122. Senegal
123. Serbia
124. Seychelles
125. Sierra Leone
126. Solomon Islands
127. Somalia
128. South Africa
129. South Sudan
130. Sri Lanka
131. Sudan
132. Suriname
133. Swaziland
134. Syria
135. Tajikistan
136. Tanzania
137. Thailand
138. Timor-Leste
139. Togo
140. Tonga
141. Trinidad and Tobago
142. Tunisia
143. Turkey
144. Turkmenistan
145. Tuvalu
146. Uganda
147. Ukraine
148. United Arab Emirates
149. Uruguay
150. Uzbekistan
151. Vanuatu
152. Venezuela
153. Vietnam
154. Yemen
155. Zambia
156. Zimbabwe”

Developing countries not listed by IMF

1. “Cuba
2. North Korea”

#### 5.4 List of graduated developing economies

The following, including *four Asian Tigers* and new *euro* countries, were considered developing countries until recently, and are now listed as *advanced economies* by the *International Monetary Fund*:

1. “Hong Kong (before 1997)
2. Israel (before 1997)
3. Singapore (before 1997)
4. South Korea (before 1997)
5. Taiwan (before 1997)
6. Cyprus (before 2001)
7. Slovenia (before 2007)
8. Malta (before 2008)
9. Czech Republic (before 2009)
10. Slovakia (before 2009)
11. Estonia (before 2011)”

(Source:

<http://www.en/wiki/developing/about>  
?)

#### 5.6 Typology and names of countries

Caution towards the use of nomenclature is required because countries are often loosely placed into four categories of development. Each category includes the countries listed in their respective article. The term "developing nation" is not a label to assign a specific, similar type of problem (imf.org).

1. Newly industrialized countries (NICs) are nations with economies more advanced and developed than those in the developing world, but not yet with the full signs of a developed country. NIC is a category between developed and developing countries. It includes Brazil, China, India, Indonesia, Malaysia, Mexico, Philippines, South Africa, Thailand and Turkey.
2. The Advanced Emerging Markets are: Brazil, Hungary, Malaysia, Mexico, Poland, South Africa, Taiwan and Turkey.
3. Countries with long-term civil war or large-scale breakdown of rule of law ("failed states") (e.g. Democratic Republic of Congo, Afghanistan, Somalia) or non-development-oriented dictatorship (North Korea, Myanmar and Zimbabwe).

4. Some developing countries such as Antigua and Barbuda, Bahamas, Barbados, Brunei, Equatorial Guinea, Trinidad and Tobago and the Arab states of the Persian Gulf have been classified as "Developed countries" by the World Bank ([worldbank.org](http://worldbank.org)).

- Anti-graft agencies and institutions across all parts of the global south are needed.
- Cooperation among members of the third world is necessary

## 6.1 CONCLUSION

The recurring question that keeps coming to the mind of any average scholar on Development is: What is the Future of the Countries of the Third World?

The situation in the global south, otherwise known as the 'Third World' is complicated and daunting. The single most important aspect that needs to improve in order to enhance the welfare of the masses is the economic component of the economy. Westerners do look down upon citizens of the global south with contempt due to the level of poverty that has engulfed the people of the region.

All international agencies agree that drastic action is required to improve conditions in third world countries, including urban and rural public work projects to attack joblessness and under-employment, institutional reforms essential for the redistribution of economic power, agrarian reform, tax reform, and the reform of public funding. But, in reality, political and social obstacles to reform are a part of the very nature of the international order and of most third world regimes. Some of the necessary steps necessary to reverse the paradigm in favour of the Third World include:

- Modern methods of production are necessary
- Training for advanced skills and knowledge are indispensable.
- Coherent and consistent government policies are needed.

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