The New International Division of Labor, Dependency Theory and the Global Economy

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When someone says something along the lines of ‘at least they have jobs! It beats working at a farm!’ in regards to the exploitation of foreign labor and factory workers, I can’t help but cringe at that statement and logic. I would argue that it doesn’t necessarily ‘beat’ working at a farm and that having a job of any kind is not a better or a even a good thing and that this is a very ‘westernized’ and ethnocentric way of thinking about life. Some people use a farm to sell and/or to produce for themselves. One way people commonly measure poverty is based on living with less than one or two dollar a day. Measures of poverty are deceptive, as Seabrook explains. “It is deceptive because it disregards the wealth of those who provide for themselves outside of the global market” (Seabrook 2003, 47) A better way to measure poverty should be to measure public health epidemics, mortality and starvation rates, infant mortality, women’s rights, birth rates and literacy/education in the more industrialized nations.

If anything, the factories and foreign made goods are taking away business from their local farms and businesses and sometimes their land, which might leave some with no other choice than to work for a factory, in order to survive. This creates heavy competition and lowers prices of some of the local goods, so much that it is no longer sustainable to sell or buy them anymore since their profit is so low and foreign food aid is much cheaper for their budgets. Their lifestyle of providing for themselves and participating in a local economy has been brutally intruded upon by foreign investors, giving them no choice but to adhere to their rules. Some were
better off before the more wealthy nations colonized, decolonized and then exploited their labor and land. The least we can do is provide them with better working conditions and better pay with fair trade policies as well as give them the opportunity to do local business and have locally owned factories. Others will argue the same thing but will say that our factories and industrialized and modernized way of life will be helping their economies instead, but even while that has happened poverty and inequality rates have increased.

The concept of development is an interesting one. Many like to say ‘developing’ or ‘underdeveloped’ in regards to third world countries, but those are also westernized ideas in and of themselves. Some of us assume that all countries follow a developmental path similar to our own. “More important, our ignorance of the underdeveloped countries history leads us to assume that their past and indeed their present resembles earlier stages of the history of the now developed countries. This ignorance and assumptions lead us to serious misconceptions about contemporary development and underdevelopment.”(Frank 1969, 76) The development theories fail to examine how global relationships and colonialism play a role with development as well as dependencies, or lack thereof, upon other nations. Gunder Frank continues on to say that the now ‘developed’ countries have been ‘undeveloped’ but not ‘underdeveloped’ like the third world countries we see today, being considered ‘developing’. These countries are ‘underdeveloped’ because the more ‘developed’ countries are using, abusing and exploiting them, which we didn’t have happen to us, and that is the difference between them being ‘underdeveloped’ and us being ‘developed’. For as long as we have power over them, they will never become as ‘developed’ as we are now and it is not a phase they are going through to get out of the state they are in and into a more industrialized and rich country.
In regards to giving other countries the option to join the global market and to give them factory jobs being the ‘fair’ thing to do, is it really? While CEOs in rich nations make more money than 99% of their nations people and the foreign factory workers struggle to make ends meet in their newly globalizing world, is it really fair? The concept of the ‘race to the bottom’ paradigm in which NIKE has implemented, involves trying to find the cheapest way to produce goods to sell at higher prices to make the maximum profit. What this does is create competition, workers wages keep getting lower and lower and eventually they have to ‘make do’ with the lowest paying of jobs because there is literally nothing else to support oneself in this capitalist global economy and no one wants to invest in anything that costs more. “These low wages are partly a result of the fierce competition for factories coming from other developing countries.” (Klein 1999) They are lured into this cycle by hearing about the ‘trickle down’ theory. This theory states that any business and work that gives profit to a company will eventually trickle down and benefit the local economy and the workers as well. This theory is false since most wages are so low that most of their money is spent on dorm rent and transportation and what little they have is spent outside of that, in the local economy. Once again, this is not a phase of development quite like our own nor is it actually benefiting them to have the jobs controlled by us, rather than their own economies. “Self reliance a more respectful relationship between humanity and it’s fragile resource-base, waits to be rescued from the condescending excesses of a global market which is utterly unresponsive of the needs of the poor, and which casts them, in it’s cruel calculus of gain, into darkness and silence.” (Seabrook 2009, 125)

To say that the low wage factory jobs are just a part of a phase that precedes a fully industrialized and developed country like our own here in the US is also a great example of the “development project/era” kind of mindset. After Europe decolonized ‘3rd world’ nations, they
set out to replicate their economic model and industrialization techniques on ‘3rd world’ ‘underdeveloped’ nations that they thought were made ‘backward’ by the legacy of colonialism. After they decolonized many nation states, they set up trade agreements and helped them become more industrialized and this is when the global economy was born, one nation at a time.

For each of the Newly Industrialized Countries, there are certain consequences for adopting a more westernized way of life. They may owe substantial amounts of debt to lending countries that were said to be helping them ‘develop’ but at a cost, of course. Then “Structural Adjustment Plans” are implemented once they have agreed that they can’t pay off the debt anytime soon and are forced to let the rich/lender nations abuse them, and use their resources regardless of environmental laws they may have (rules of the SAP). Debt management, trade agreements, these are a part of the newer “Globalization Project” which eventually stemmed from the “Development Project.” The Development Project put these things in place, for the rich nations to use for their own gain, even though there may have been some good intentions somewhere, they weren’t forgetting about themselves and their so-called need/want for profits and power either. It started out as a ‘modernization’ plan but just ended up to be more like a bad ‘dependency’ situation. “Dependency theorists acknowledged that the Western World, or the First World, did bring many things to poor nations, The Third World, but most of them were negative and destructive.”(Sernau 2009, 28)

I agree most with the dependency theories. Many of these poor nations, after adopting more industrialized ways of life, have gone further into poverty because of it, so I don’t understand how anyone will think this is a phase and this is the only way to get them out of poverty, specifically to set up factories to buy cheap goods to sell in our own country for much more. This global economy is extremely unfair because of that. More fair trade policies should
be implemented and the value of local goods and labor should be much higher than it is now, and not costs but personal and national value of the concept. Because of Globalization there has been a shift in labor, creating the ‘New International Division of Labor’, which is essentially moving all the factory and production jobs to the poor countries for cheaper labor and higher profits. The amount of local factory jobs has declined because of this, and many people are out of work because of this in the US as well. Wal-Mart is a great example, and how it maintains to keep its prices low. Not only do they utilize cheap labor for cheap imports but they also utilize cheap US labor as well. “The salaries of many Wal-Mart workers are also low enough that they can remain eligible for food stamps, free lunches and subsidized housing.”(Collins 2009, 105) Most other retail competitors have to keep prices low to stay in business, having them rely on cheap labor overseas as well. It is less about ‘giving them jobs’ and more about ‘finding the cheapest way to produce an item’. It is also hurting our economy as well as other countries economies, although clearly not quite in the same way.

I spent enough time explaining how these are not phases that will eventually get these countries out of poverty and into riches, now lets shift focus to alternatives that may actually help these countries reduce poverty and inequalities. Hines speaks of more ‘local’ economies being one alternative, saying it has potential advantages for the people. “The term potential is used since local control need not guarantee increased democracy, equality, environmental protection and so on, it just makes it more likely.” (Hines 2000, 33) More locally made goods, local jobs and factories, less exploiting of cheap labor. Of course, what constitutes local and who makes that decision may be an issue. I am thinking local should mean local countries and continents, at the very least. If they choose to import from other countries, there should be some sort of fair trade agreements going on. One thing this can do is to help countries be more self
reliant, getting their own economies back to where they need to be. In regards to altering the way globalization is working, Stiglitz says that “To make globalization work there will have to be a change of mindset: we have to think and act more globally.” (Stiglitz 2007, 278) At first, this seems to contradict the living and producing ‘local’ paradigm. However, this also addresses the reality that globalization isn’t just going to disappear and we must find ways to make it work more efficiently for all, as well as adopt more local practices and invest into our local economies. If more people were invested in what was happening globally then maybe all of this codependency, exploitation and unfair/free trade wouldn’t be happening the way it is now. We can do that through empowering people through education and social movements.

To compare ‘underdeveloped’ nations with ‘developed’ nations by saying ‘we went through that and look at us now’ is one of the most ignorant things I have heard in a while. This sounds like one of those situations of wishful thinking where you are going to end up regretting what you wished for. Let’s take a good look at where we are now, to illustrate just what I mean. “The study found that there are huge disparities in the ecological footprint inflicted by rich and poor countries on the rest of the world because of differences in consumption. The authors say that the west's high living standards are maintained in part through the huge unrecognised ecological debts it has built up with developing countries.” (Guardian UK 2008, 1) The reason we are rich is at the expense of others. If the other countries would be on their way to becoming just like us, we are in lots of trouble, because that would mean they will want revenge or to do things as we do and to use our resources for their own good, disregarding our health and wellbeing. Pretty soon, then, there may be a WW3 happening, and complete chaos.

Our consumption of the world’s resources is not sustainable at all, and we need to fix that. We are successful because of how we destroy other countries and to say that destroying
those countries will also help them is absurd. Not only that, but we consume so much of the earth’s resources that if everyone lived like that there will literally be nothing left after just a short period of time. “Industrial countries have about 25% of the world’s population and use 80% of its energy.” And “A baby born in the United States creates thirteen times as much environmental damage over the course of its lifetime as a baby born in Brazil, and thirty-five times as much as an Indian baby.” (Hertsgaard 1998, 196) It is horrible that other countries are so poor because of us, as well as our own people, but to say we are the ‘ideal’ and others will and should eventually become just like us, we will all destroy the planet, probably in one hour. The truth is, we have issues and what we are doing and how we are consuming, creating, capitalizing and privatizing is hurting so many more than it is helping. What other choices do the factory workers have, once everything, all of their crops, food and resources are taken over and destroyed by the US/European markets, other than to make-do with the lower wages and unsafe working conditions in order to pay for food and shelter? Absolutely none, and that is a great injustice to all of those people.

Conduct Statement:

“I have neither received help from another student on this exam, nor have I given help. All work on this exam is my own.”
References


