Ethiopia's New Venture

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The news of the oversubscribed sovereign bond, which Ethiopia had issued to the global capital market, had created an interest in me to look into the structure of the global capital market. However, my search into the global financial sector has casually led me to the venture of studying the politico-economic history of the world development project. The development project was introduced as a postcolonial initiative, framed in national terms.

The development project had particular ingredients. First, the development project was an organized strategy for pursuing nationally managed economic growth. As colonialism collapsed, political elites of newly independent states embraced development as an enterprise for growth, legitimacy, and revenue generation. The Western experience provided the model, and an international institutional complex provided financial and technical assistance for national development across the world, protected by cold war military relations. Some ingredients were the following:

- An organizing concept with universal claims (e.g., development as rising living standards, rationality and scientific progress);
- A national framework for economic growth;
- An international framework of aid (military and economic) binding the developing world to the developed world;
- A growth strategy favoring industrialization;
- An agrarian reform strategy encouraging agro-industrialization;
- Development-state initiatives to stimulate and manage investment and mobilize multiclass political coalitions into a development alliance supporting industrial growth;
- Realization of development through gender, race, and ethnic inequalities, embedded in states and spread through markets.

The point of this story is understanding how the development project set in motion a global dynamic that embedded national policies within an international institutional and ideological framework. This framework was theoretically in the service of national economic growth policies. But closer examination, the reverse was also true. Social changes within Third World countries had their own local face; nevertheless, much of the stimulus derived from a common global process, which linked changes in the First World to changes in the Third World. One could say that all change under these circumstances was conditioned by international relationships especially transfers of economic resources and ideologies.

The development project spanned roughly a quarter of a century, during which time the world economy experienced a steady upswing. The project sought to universalize the Euro-American understanding of modernity, characterized as an industrial civilization. However, since the model was an idealized version of development, it was unlikely to succeed. Third World's resource needs were met, not through colonization (like the West) but through dependence on First World finance and technology.

Weather this dependence was a new form of colonialism is a question raised in Third World circles, and it draws attention to the international relationships embedded in the development project.

As a matter of course, when countries became independent nation-states, they joined the international relations of the development project. Then, the national strategy would become simultaneously international. The question however is how a national strategy could be simultaneously international?

First, the colonial division of labor left legacy of "resource bondage" embedded in Third World social structures. There, trading classes of landowners and merchants, enriched by primary goods exports, favored this historic relationship. And of course, the First World still needed to import raw materials and agricultural goods and to market their industrial products.

Second, as newly independent states sought to industrialize, they purchased First World technology, for which they paid with loans or foreign exchange earned from primary exports.

Third, nation-states formed within an international framework, including the normative, legal, and financial relationships of the United Nations (UN) and the Bretton Woods institutions, which integrated states into universal political-economic practice. Ethiopia has been and still is part of this global arrangement. However, with the recent development i.e. the issuance of to the capital market Ethiopia has opened another door of opportunity to secure loans or foreign exchanges. The historic aid relationship is beginning to assume another dimension -trade relationships.

Now, let us continue our discussion on how the national strategy had simultaneously become international. National economic growth depended, then, on the stimulus of these new international economic arrangements. It is to be recalled that the UN declared the 1960s and 1970s "Development Decades," to mobilize international cooperation in various development initiatives designed to strengthen development at the national level and to mitigate the effects of the colonial division of labor.

In this regard, it is important to examine the construction of the Bretton Woods system, and how its multilateral arrangements shaped national development strategies. If we look this issue closely we will understand the ways the development project affected and reshaped the international division of labor.

The International Framework

The pursuit of national economic growth by all countries required international supports, both material and political-legal. Material supports included foreign aid, technology transfer, stable currency exchange, and international trade. Aid and trade relationships often followed well-worn paths between ex-colonial states and their postcolonial regions. Superimposed on these historic relationships were the new relations embodied in the Bretton Woods institutions and political, military, and economic relationships of the new capitalist superpower, the United States, as it sought to contain the rival Soviet empire.

In the context of reviving and stabilizing the world economy after a sever 1930 depression and a devastating second world war (1939-1945), the United States spearheaded two initiatives to reconstruct the world economy: the bilateral Marshall Plan and the multilateral Bretton Woods program. The development project emerged within the bilateral Marshall Plan and became formalized under the multilateral Bretton Woods program. It did not become a full-fledged operation until the 1950s, the peak decade of Third World political independence. To understand the international origins of the development project, we shall briefly examine the Marshall Plan.

The Marshall Plan

In the post-World War II years, the United State focused on European reconstruction as the key to stabilizing the western world and rendering it “safe for capitalism.”European grain harvests in 1946 were expected to reach only 60 percent of prewar levels. Scarcity of labor skills and certain goods depleted transport and communication networks, and countless refugees posed enormous problems. There was also a growing popular desire for social reform.

Indeed, on returning from Europe in 1947, the U.S. Assistance Secretary of State for Economic Affairs, Will Clayton stated in memorandum, ***“Communist movements are threatening established governments in every part of the globe. These movements, directed by Moscow, feed on economic and political weakness…..The United States is faced with worldwide challenge to human freedom. The only way to meet this challenge is by a vast new program of assistance given by the United States itself.”*** In these political circumstances, the United States hoped to use financial aid to stabilize discontented populations and rekindle economic growth in strategic part of the world.

The other side of this strategy was to contain communism –primarily in Europe, where the Soviet Union had laid claim to territories east of Berlin, but also in Far East, where communism had gained ground first in China and then in North Korea.

Therefore, United States sought to gain nations’ allegiance to Western free enterprise system by promoting their economic growth through financial assistance. In 1950s, Secretary of State Dean Acheson stressed the urgency of concentrating such assistance in

Western Europe, to counter the consolidation of Eastern Europe under Soviet rule: ***"We cannot scatter our shots equally all over the world. We just haven't got enough shots to do that ….. If anything happens in Western Europe the whole business goes to pieces."***

Meanwhile, the United Nations had organized a multilateral program of international relief. In fact, US bilateral initiatives –increasingly important in the cold war- complemented and sometimes conflicted with these multilateral initiatives. U.S. bilateral policy overrode the proposals of two UN agencies established in 1943: **the Food and Agricultural Organization (FAO) and the United Nations Relief and Rehabilitation Administration (UNRRA)**.

When these agencies proposed a World Food Board in 1946 to organize reserves and regulate international trade in food, President Truman's administration declined support. It rather chose to pursue bilateral aid programs where the United States was in control. In the Far East, U.S. food aid replaced UNRRA aid in an effort to bolster Chiang Kai-shek's anticommunist forces in China. And in Europe, the Marshall Plan replaced UNRRA aid.

The Marshall Plan was vast, bilateral transfer of billions of dollars to European states and Japan, serving U.S. geopolitical goals in the cold war. The plan restored trade, price stability, and expanded production. It aimed at securing private enterprise in these regions to undercut socialist movement and labor militancy. Dollar credits, allowing recipients to purchase American goods, closely integrated these countries' economies with that of the United States, solidifying their political loyalty to the "free world" – the Western bloc of the cold war world.

U.S. bilateral strategy aimed to consolidate this Western bloc under American leadership. The U.S. State Department considered the economic integration gained through dollar credits a way to stem the Western European trend toward economic self-reliance. The Europeans desired social peace and full employment, to be achieved through closely regulated national economies, but the U.S. government wanted an open world economy. The Marshall Plan solved this dilemma, using bilateral aid to facilitate international trade and encourage U.S. direct investment in European national economies.

Since Europe ran a serious trade deficit with the United States (which imported little from Europe), an ingenious triangular trade was established to enable Europe to finance imported American technology and consumer goods. This arrangement also provided the United States access to raw materials from European colonial territories, paying in dollars deposited in European accounts in London banks. From these accounts, European states could finance imports from the United States. In turn, U.S. investment in colonial and postcolonial territories stimulated demand for European manufactured goods. The triangle was complete.

By 1953, the Marshall Plan had transferred $ 41.3 billion to the First World economies and had sent $ 3 billion in bilateral aid to the Third World. Post-World War II global economic reconstruction meant containment of communism first, spearheaded by the United States. Military and economic aids complemented each other and, in fact, were typically recorded together. During the two decades following World War II, the United States regarded the following countries as key to its containment policy, some of which contributed land for military bases: Greece, Iran, Turkey, Vietnam, Formosa (Taiwan), Korea, Philippines, Thailand, Spain, Portugal, and Laos. With containment in place, further reconstruction would be accomplished by a complex multilateral arrangement whereby infusions of American dollars stimulated the world economy.

The Breton Woods System

The idea for an international bank was part of the plan to reconstruct the world economy in the 1940s. Trade was to be restored by disbursing credit to revitalize regions devastated by war or colonialism. Through a global banking operation, funds would be redistributed to these regions to stimulate new production. The famous July 1944 conference of 44 financial ministries at Bretton Woods, Hampshire, provided the opportunity to create such an international banking system. Here, the U.S. Treasury steered the conference toward charting the foundation of the "twin sisters": the **World Bank** and the **International Monetary Fund** (IMF).

Each institution was based on member subscription. The World Bank would match these subscriptions by borrowing money in international capital markets to raise money for development. The IMF was to disburse credit where needed to stabilize national currency exchanges. Once the ministers approved formation of these Bretton Woods institutions, the conference president, Henry Morgenthau, foresaw the "***Creation of a dynamic world economy in which the peoples of every nation will be able to realize their potentialities in peace .... And enjoy, increasingly, the fruits of material progress on an earth infinitely blessed with natural riches. This is the indispensable cornerstone of freedom and security. All else must be built upon this. For freedom of opportunity is the foundation for all other freedoms."***

These were the key sentiments of the development project: multinational universalism, viewing natural bounty as unlimited, and a liberal belief in freedom of opportunity as the basis of political development. Human satisfaction was linked to rising living standards.

Thus, the function of the Bretton Woods agencies were as follows:

- To stabilize national finances and revitalize international trade (IMF),
- To underwrite national economic growth by funding Third World imports of First World infrastructural technologies,
- To expand Third World primary exports to earn foreign currency for purchasing First World exports (industrial technology and consumer goods).

In effect, then, the Bretton Woods system managed an international exchange between the First and Third Worlds that resembled the colonial division of labor, in a more intensive way. This was not surprising, as this international division of labor was already structured into the very social and economic organization of states across this divide and shaped how they participated in international trade.

The World Bank's mandate was to make large-scale loans to states for national infrastructural projects such as dams, highways, and power plants. These projects undergirded national economic integration and growth, complementing smaller scale private and public investments. In its first 20 years, two-thirds of the Bank's loans purchased inputs to build transportation and electric power systems. Indeed, the World Bank's *Eleventh Annual Report* stated, "Most of the Bank's loans are for basic utilities …which are an essential condition for the growth of private enterprise." At the same time, the Bank invested in large-scale cash crop agriculture, such as cacao, rubber, and livestock, deepening the international division of labor.

The Bretton Woods institutions lubricated the world economy by moving funds to regions that needed purchasing power. Expanded trade stimulated economic growth across the First World/Third World divide. At the same time, these agencies disseminated the technologies of the development project, tempting Third World states to adopt the capital-intensive methods of the West. Whereas Europe had taken several centuries to industrialize, Third World governments expected to industrialize rapidly with multilateral loans and so reduce their specialization in primary goods exporting. Industrialization often substituted capital-intensive for labor-intensive production technologies.

As we know the difference capital intensive between capital –and labor intensive activities has to do with the ratio of labor to capital, or tools. The later lighten labor's load. For instance, ancient pyramid building was a labor-intensive activity, as the proportion of slaves to tools was high. Modern dam building tends to be capital intensive because it uses explosives and earth-moving machinery rather than armies of diggers, although large amounts of labor maybe used for certain parts of the project – such as erecting scaffolding. In general, as production processes are mechanized, they become capital intensive; that is, they substitute capital for labor.

The Bretton Woods system was unveiled as a universal and multilateral attempt to promote rising living standards on a global scale. Of the 44 nations in attendance at Bretton Woods, 27 were from the Third World. Nevertheless, the system had a predictable First World bias. First, control of the World Bank was dominated by the five biggest (First World) shareholders –beginning with the United States, whose representatives appointed their own executive directors to the board. The remaining seven directors represented the 37 of other member states. This asymmetry, including overwhelming male representation, still exists; in the 1990s, the 10 richest industrial states controlled 52 percent of the votes and 45 African countries controlled just 4 percent of the vote.

Second, the president of the World Bank is customarily an American, just as the managing director of the IMF is customarily a European.

Third, the Bank finances only foreign exchange costs of approved projects, encouraging import dependence (in capital-intensive technologies) in development priorities. Finally, the IMF adopted a “conditionality” requirement, requiring applicants to have economic policies that met certain criteria for them to obtain loans. International banks and other lenders inevitably adopted IMF conditionality as their own criterion for loans to Third World countries. In this way, Third World development priorities were tailored toward outside (i.e., First World) evaluation. Thus, national strategies had international dimensions. This is the reason why the ruling party of Ethiopia has been adamantly stood against some prescriptions of the Bretton woods.

World Bank lending, however effective in its own terms, reflected First World priorities. The Bank emphasized what were considered to be productive investments, such as energy and export agriculture, rather than social investments such as education, health services, water and sanitation facilities, and housing. In addition, as a global agency, the Bank found it more convenient to invest in large-scale, capital-intensive projects that might, for example, have common technological inputs and similar appraisal mechanisms. I this way, early Bank lending priories established large-scale technologies as the basis for borrower country participation in the development project.

Not only has the Bank sponsored Western technological transfer, but it has also established an institutional presence in Third World countries. When the Bank finances infrastructural projects, these are often administered through agencies with semi-autonomous financial and political power within host countries.

The World Bank has always been the premier development institution. In providing loans and expertise, it has exerted considerable influence over domestic development policies. For example, in the late 1950s, as condition for further power loans, the Bank insisted that the Thai government established the Electrical Generating Authority of Thailand (EGAT). EGAT then supervised a series of loans for large-scale dams, from 1964 (the Bhumibol hydroelectricity project) through the 1970s and 1980s. Thousands of Thia peasants were displaced and resettled under the terms of the dam project, often on poorer lands and at considerable cost to their livelihood.

Given EGAT's semi-autonomous status, however, the agency was immune to demands by these displaced peasants for compensation. Such semi-autonomous agencies (*parastatals*) often override domestic political process in the name of technical efficiency.

In Malaysia, a similar *parastatal* agency, called the Federal Land Development Authority (FELDA), was created by the Bank to administer three loans between 1968 and 1973. The purpose of the loans was to finance the clearing of sections tropical rain forest and the resettling of 9600 families who would grow oil palms and rubber trees. By 1982, by the Bank's own account, FELDA had developed 1.3 million acres (6.5 percent of Malaysian forest cover in the 1970s) and resettled 72, 600 families. And in Colombia, between 1949 and 1972, more than 70 percent of Bank loans supported such autonomous development agencies.

Despite the likelihood that the World Bank projects would short-circuit the political process, Third World elites embraced them in the interest of development. India's first Prime Minister, Jawarharlal Nehru, referred to the Rihand dam project as one of "the temples of modern India," especially in generating power for the Singrauli region India's "Switzerland." The Bank was a leading donor in this project, funding the National Thermal Power Corporation (NTPC) as an alternative to India's infamously inefficient public bureaucracy.

The question is whether the embrace of Western-style large-scale infrastructural projects was development, an instrument of legitimacy for ruling elites, or a Trajan horse for foreign interest.

In examining how the development project issued from the Bretton Woods institutions, we have focused on the World Bank as the key multilateral agency responsible for underwriting Third World development. In addition to its influence through the *parastatals,* the Bank framed development priorities through its on-site project agencies and its encouragement of large-scale power generation and transport projects.

Such projects stimulated industrialization on a Western scale, often financed by private investments, increasingly made by foreign corporations and complemented by Bank funds. The Bank also channeled loans into intensive agriculture, requiring fossil fuel, energydependent technical inputs such as fertilizers, pesticides, and hybrid seeds. In addition, the Bank catalyzed the central ideas of the development project. For example, it created the Economic Development Institute in 1956, which trained Third World officials (soon to be ministers or ministers of planning or finance in their own countries) in the theory and practice of development as understood in the First World. Finally, Bank lending became a model for other multilateral banks and aid agencies, as they determined priorities for assistance.

In short, multilateralism, Bank style, characterized the Bretton Woods system –Bank policy set the parameters of development. Pity that Third World elites by and large embraced these parameters since they were not in a position to present an alternatives. When individual governments did try socialist alternatives, loan funds rapidly dried up. Multilateral funding was committed to extending the realm of free enterprise. In the above discussion we have briefly examined the political-economic dimension of the development project. Now let us look into the politics of the postwar world order.

Politics of the Postwar World Order

As the realm of free enterprise expanded, the political dynamics of the cold war deepened. These dynamics had two aspects: (1) the competition between the U.S. -led (First World) and the soviet (Second World) bloc for sphere of influence and (2) Third World attempts to avoid becoming pawns in this geopolitical game.

While the United States and the Soviet Union were busy dividing the world, the countries of the Third World came together to assert their own presence in the international system. In the following section, we will explore the interplay of all these forces.

Foreign Aid. An examination of the patterns of Western foreign aid in the postwar era shows that pattern of development assistance contradicted the universalism of the development project. All states could not be equal, as some were more significant players than others in the maintenance of order in the world market system. Western aid concentrated on undercutting competition from states or political movements that espoused rival (i.e., socialist) ideologies of development. Its priority was to use economic and military aid and trade to stabilize geopolitical regions through regionally powerful states such as South Korea, Israel, Turkey, and Iran. These states functioned as military outposts in securing the perimeters of the so-called free world and in preventing a "domino effect" of defection to the Soviet bloc.

Cold war rivalry governed much of the political geography of the development project. In the 1950s, the Soviet Union appeared to be challenging the United States in military and space technology. When the Soviet satellite *Sputnik* was first to fly into outer space in 1957, followed by manned Soviet space flights, Second World industrial rivalry gained credibility in both the First and Third Worlds. The Soviet Union was expanding economic and political relations with Third World states, especially newly independent states in Asia and Africa.

Political rivalry intensified in 1956, when the Soviet Union financed and built the Aswan Dam in Egypt. This Soviet initiative followed U.S. pressure on the World Bank not to fund the project, in opposition to the "Arab socialism" of Egypt's leader, Gamal Abdel Nasser. By 1964, the Soviet Union had extended export credits to about 30 states, even though 8 received most aid. Under the Soviet aid system, loans could be repaid in local currencies or in the form of traditional exports, a program that benefited states short of foreign currency. Not only was the Soviet Union offering highly visible aid projects to key states such as Indonesia and India, but aid policies also clearly favored states pursuing policies of central planning and public ownership in their development strategies.

For the United States and its First World allies, then, the development project was more than a transmission belt for Western technology and economic institutions to the Third World. So long as the Third World, a vital source of strategic raw materials, was under threat from an alternative political-economic vision such as socialism, First World survival was at stake. In 1956, this view was articulated clearly by Walt Rostow, an influential development economist: ***"The location, natural resource, and populations of the underdevelopment areas are such that, should they become effectively attached to the Communist bloc, the United States would become the second power in the World..... Indirectly, the evolution of the underdeveloped areas is likely to determine the fate of Western Europe and Japan, and therefore, the effectiveness of those industrialized regions in the free world alliance we are committed to lead.... In short, our military***

security and our way of life as well as the fate of Western Europe and Japan are at stake in the evolution of the underdeveloped areas."

The United States' foreign aid patterns between 1945 and 1967 confirm this view of the world. Yugoslavia, for instance, received considerable aid as the regional counterweight to the Soviet Union on the western perimeter of Eastern Europe. Elsewhere, aid to geographically strategic states (including Iran, Turkey, Israel, India, Pakistan, South Vietnam, Taiwan, South Korea, the Philippines, Thailand, and Laos) matched the total aid disbursement to all other Third World countries.

The Non-Aligned Movement. Parallel with this cold war world order was an emerging Third World perspective that advocated a more independent vision. As decolonization proceeded, the composition of the United Nations shifted toward a majority of non-Europe member states. In 1955, the growing weight of the Third World in international politics produced the first conference of "nonaligned" Asian and African states at Bandung, Indonesia, forming the Non-Aligned Movement (NAM). Key players were the leaders of Indonesia (Sukarno), and Indian (Nehru), Ghana (Nkrumah), Vietnam (Ho Chi Minh), Egypt (Nasser), China (Zhou Enlai). The NAM used its collective voice in international fora to forge a philosophy of noninterference in international relations. At a subsequent meeting of NAM, president Nyrere of Tanzania articulated this position in terms of economic self-reliance.

By non-alignment we are saying to the Big Powers that we also belong to this planet. We are asserting the right of small, or militarily weaker, nations to determine their own policies in their own interests, and to have an influence on world affairs…… At every point…. We find our real freedom to make economic, social and political choices is being jeopardized by our need for economic development.

The subtext of this statement, and indeed of the final Bandung communiqué, was a questioning of the legitimacy of the economic model of development embedded in the multilateral institutional order. The first cause of disagreement was the paucity of multilateral loans. By 1959, the World Bank had lent more to the First World ($ 1.6 billion) than to the Third World ($ 1.3 billion). Also, loan terms were tough. Third World members of the UN pressed for expanded loans, with concessions built in, proposing that a UN facility perform these multilateral development functions. Third World members expected to exert some control over a Special United Nations Fund for Economic Development (SUNFED). The First World's response was to channel this demand away from the United Nations and toward the World Bank. Here a new subsidiary, the International Development Association (IDA), was established to make loans at highly discounted rates (called "soft loans") to low-income countries. Between 1961 and 1971, the IDA lent $ 3.4 billion, representing about one-quarter of total Bank lending. In addition, several regional banks modeled on the World Bank were (IDB) in 1959, the African Development Bank (AfDB) in 1964, and the Asian Development Bank (ADB) in 1966.

The Group 77. The next contentious issue was the organization of international trade. The General Agreement on Tariffs and Trade (GATT), founded in 1947, enable states to negotiate reciprocal trade concessions. Because the GATT assumed a level playing field, rather than one marked by histories of inequality and colonialism, speakers for the Third World regarded it as discriminatory, as many Third World states were unable to make such reciprocal concessions. In fact, during the 1950s, the Third World's share of world trade fell from one-third to almost one-fifth, with declining rates of export growth associated with declining terms of trade. Third World pressure, led by Latin America, founded the United Nation Conference on Trade and development (UNCTAD) IN 1964.

UNCTAD was the first international forum at which Third World countries, formed into a caucus group called the Group of 77 (G-77), collectively demanded economic reform in the world economy. They declared that reform should include stabilizing and improving primary commodity prices, opening First World markets for Third World manufactures, and expanding financial flows from First World to Third World. Once UNCTAD was institutionalized, it served as vehicle for Third World demands.

While UNCTAD had a limited effect on world economic relations, its membership of scholars and planners from the Third World infused international agencies with a Third World perspective. Perhaps its most concrete influence was on the World Bank under its president, Robert McNamara (1968-1981), who linked economic growth to the redistribution of wealth. "Growth with equity" was the new catch-cry, and for a while, planners embraced the idea of investing in "basic needs." Infrastructural lending continued, but new Bank funds were directed into poverty alleviation projects, with rural development and agricultural expenditure rosining from 18.5 percent of Bank lending in 1968 to 33.1 percent in 1981.

However, the solidarity of the G-77 only lasted until the mid-1970s. At this point, the organization of the world economy changed drastically, unraveling the tidy subdivision of the international system into its Three Worlds. This was the beginning of the end of the Third World as credible term for a region of the world sharing common historical conditions. It was also a time for when the isolation between First World and Second Worlds began breaking down. But until then, the development project framed national economic growth in the Third World in a close relationship between international institutions and national policies.

Remaking the International Division of Labor

If the development project was an initiative to promote Third World industrialization, then it certainly had some success. The result, however, was uneven, and in some respects industrialization was quite incomplete. Nevertheless, by 1980, the international division of labor had been remade, if not reserved. The Third World's exports included more manufactured goods than row materials, and the First World was exporting 36% more primary commodities than the Third World. Here we can examine the shift in the international division of labor, as well as its impact on the *world food system*

In world manufacturing, the European first world lost it is core position in this period. Japan and a middle- income group of Third World States improved their share of World manufacturing, from 19 to 37%. We can again examine the implications of this rising group of meddle- income Third World states. Here we focus on the re-division of the world's labor.

In agriculture, the Third World's share of world agricultural exports fell from 53 to 31 percent between 1950 and 1980, while the American "breadbasket" consolidated its role as the pivot f world agricultural trade. By the 1980s, the Unites States produced 17 percent of the world's wheat, 63 percent of its corn, and 63 percent of its soybeans; the U.S. share of world exports was 36 percent in wheat, 70 percent in corn, and 59 percent in soybeans. On the other side of the globe, between 1961 and 1975, Third World agricultural self-sufficiency declined everywhere except in centrally planned Asian countries (China, North Korea, and Vietnam). In all regions except Latin America, self-sufficiency dropped below 100 percent. Africa's self-sufficiency, for instance, declined from 98 percent in 1961 to 79 percent in 1978.

Two questions arise:

- Why did commercial agriculture concentrate in the First World, while manufacturing dispersed to the Third World?
- Is there a relation between these trends?

The answer lies in the political structures of the development project. For one thing, Third World import-substitution industrialization (ISI) protected "infant" industries. In addition, First World agriculture was protected by farm subsidies, sanctioned by the GATT. These policies complemented one another, substantially reshaping the international division of labor. In considering the impact of these intersecting policies on the remaking of the international division of labor, we focus on the shaping of the world food order. Our focus on the food order offers one view of the global conditions promoting industrialization and agro-industrialization, making food a central part of understanding the ordering of the world by the development project. Food also provides a unique lens as it is such an important vehicle for the transformation of social systems, diets and health, and power relations internal to nations and internationally.