

The seemingly large-scale diffusion of manufacturing activities from the metropolitan economies, notably the United States (US), to China, and of a range of IT-related services to India, raises the question whether this trend is an application to the world economy of Arthur Lewis' (1954) perception of economic development "with unlimited supplies of labour." The main difference between the current reality and the Lewisian perception consists in the fact that this "spread" of the modern sector does not actually lead to a using up of, or a reduction in the magnitude of, world labour reserves, whether in absolute terms or even relative to the world population. The spontaneity of the current diffusion process occurring within a regime of "economic liberalisation" along with the rapid transplanting of foreign technology severely truncates the labour-absorbing capacity of the growth process.